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OFFICIAL REPORT

FIRST SESSION—TWENTY-FOURTH PARLIAMENT

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OTTAWA, 1958

HOUSE OF COMMONS

Wednesday, July 16, 1958

The house met at 2.30 p.m.

COMMITTEES OF THE HOUSE

Fourth report of standing committee on miscellaneous private bills.—Mr. McCleave.

Second report of standing committee on veterans affairs.—Mr. Dinsdale.

Second report of sessional committee on railways, air lines and shipping owned and controlled by the government.—Mr. Rowe.

ESTIMATES—CONCURRENCE IN FOURTH REPORT OF STANDING COMMITTEE

Mr. A. R. Smith (Calgary South) presented the fourth report of the standing committee on estimates, and moved that the report be concurred in.

Motion agreed to.

STARRED QUESTIONS

DEATH OF EXTERNAL AFFAIRS EMPLOYEE, SAIGON

Question No. 29—**Mr. Fisher:**

1. Did an employee of the external affairs department die recently in Saigon?
2. If so, what was his name, career position, and original home address?
3. Where, when, and under what circumstances did the death take place?
4. Is the case completely closed? If not, what steps is the Canadian government taking to clear it up?

Hon. Sidney E. Smith (Secretary of State for External Affairs): Mr. Speaker, this question relates to an event that is supposed to have happened recently. I am not quite sure how one can interpret the word "recently" but I presume it refers to an event that happened in April of 1957. The answers to the questions are as follows:

(1) Yes, in April, 1957.

(2) A. E. L. Cannon, foreign service officer 4, Quebec city.

(3) Saigon, April 12, 1957. Murder.

(4) A thorough investigation was, of course, made but failed to establish responsibility. There is a possibility that further evidence may come to light and the case cannot, therefore, be considered as completely closed.

[*Later:*]

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): May I ask a supplementary question following the answer given by the Secretary of State for External Affairs to this starred question. I should like to request that more information be given to me personally, rather than in the house, concerning part 3. Under all the circumstances I feel there was not sufficient detail supplied in the answer, and I would ask him if he would give me the details personally.

Mr. Smith (Hastings-Frontenac): I would be ready to discuss that with the hon. member.

WALTER MITCHELL

Question No. 30—**Mr. Chevrier:**

1. Was Walter Mitchell, of the city of Montreal, an employee of the Department of Agriculture at the port of Montreal?
2. If so, in what capacity and for how long?
3. Was he dismissed from his employment?
4. If so, for what reason and on whose recommendation?

He said: Mr. Speaker, is the acting minister in a position to answer this question?

Hon. Gordon Churchill (Acting Minister of Agriculture): No, Mr. Speaker, I am not. I would ask that the question stand.

Mr. Chevrier: It has stood twice now.

Question stands.

HIGHWAY BRIDGE, CHATHAM-FERRY ROAD, N.B.

Question No. 31—**Mr. McWilliam:**

Does the federal government assume any responsibility, in whole or in part, in connection with the proposed construction of a highway bridge across the Miramichi river between Chatham and Ferry Road, New Brunswick?

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, the answer to this question is that this would depend on whether the federal government had any responsibility for the highway of which such a bridge would form part.

Orders for Returns

QUESTIONS PASSED AS ORDERS FOR RETURNS

KENORA-RAINY RIVER ROAD CONSTRUCTION—FEDERAL ASSISTANCE

Question No. 146—**Mr. Benidickson:**

1. To what road construction projects (except trans-Canada highway) in the Kenora and Rainy river districts in Ontario has the government been asked by the government of Ontario, since February 1, 1957, to make a financial contribution?

2. To which projects has a contribution been made and how much was paid in each case?

AGE GROUP, 65-70

Question No. 150—**Mr. Benidickson:**

1. How many persons are there over 65 years and under 70 years in each province?

2. How many persons in each province are receiving payment under the Old Age Assistance Act?

EXTERNAL AFFAIRS

MIDDLE EAST—CONSULTATION OF FOREIGN AFFAIRS MINISTERS AT WASHINGTON

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, can the Prime Minister indicate whether the report is accurate that the British foreign minister is flying to Washington to see the United States Secretary of State? If so, can he throw any light on the purpose of this mission?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the only light that I can throw on the question is that Right Hon. Selwyn Lloyd is going to Washington, there to consult with the Secretary of State of the United States, and the consultation will have to do with the gravity of the situation in the Middle East. Because of this fact I feel that the house generally will give support to the desire of the government to have the Secretary of State for External Affairs leave for Washington and be there tomorrow so that he may consult with the foreign minister of the United Kingdom and with Mr. Dulles.

If that is acceptable to members as a whole, then I would suggest that the debate on external affairs, which was to come up tomorrow and would have come up otherwise, be postponed for a few days. Necessarily, the Secretary of State for External Affairs would have to be present. I feel it is very necessary, having regard to conditions generally throughout the world, that the responsible minister in this very important field should be in Washington at this time to consult and also to be consulted with.

Mr. Pearson: Mr. Speaker, in the circumstances we on this side are quite agreeable to the postponing of the debate that was to have taken place tomorrow, because it is obviously important to have the Secretary of State for External Affairs here at the time of that debate. I would merely express my hope that perhaps the Secretary of State for External Affairs will find it possible not only to visit Washington on this trip and consult there with his two opposite numbers but might find it also possible to participate in the work of the security council at this very difficult time.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, we in this group are very pleased to agree with the suggestion of the Prime Minister that the Secretary of State for External Affairs should make this trip to Washington to discuss the very grave matters that are in the minds of all of us. I would certainly agree with the suggestion of the Leader of the Opposition that he might also visit the United Nations to use the prestige that Canada has in that world body in the interests of peace.

MIDDLE EAST—INQUIRY AS TO PROTECTION OF CANADIAN NATIONALS

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, if I might at this time I should like to ask a question of the Secretary of State for External Affairs. Has the minister anything further to add to his statement regarding the safety of Canadian nationals in the Middle East; in particular, has the minister any information regarding the whereabouts and safety of a former member of this house, the former minister of labour, Hon. Milton Gregg?

Hon. Sidney E. Smith (Secretary of State for External Affairs): Mr. Speaker, I thank the hon. member for giving me notice of this question. As I endeavoured to indicate yesterday, in a foreign country in which Canada has no diplomatic representation it has been the practice for the United Kingdom diplomatic representative, the minister or ambassador, to look after Canadian interests. In Iraq—and I am repeating what I said yesterday because I desire to have the record clear—the British ambassador is normally responsible for the acceptance of registrations of Canadians resident in Iraq and for the extension to them of whatever protection is possible in times of emergency. Canadian citizens are thus accorded exactly the same treatment other British subjects would be given by the British embassy.

However, in countries where we have no representation and where it is not possible to work through the British embassy, we have had long-standing arrangements with the United States authorities whereby they will

give assistance in such a case as this. As I stated in the house yesterday, we cannot now rely on the embassy of the United Kingdom, but we have had reconfirmation of the arrangement with the United States in the past few hours; indeed, the direct statement from the department of state of the United States government that that government will assume responsibility for the protection and evacuation of Canadians from Iraq if that becomes necessary. The picture today, I am very happy to report, is much clearer than it was yesterday.

With respect to the second part of the hon. member's question, according to what information we have available, there has been no report of any molestation of Canadian nationals during the present crisis in Iraq. A report received this morning from the United Nations secretariat states that it has received a report from Mr. Milton Gregg to the effect that all personnel of the United Nations and its specialized agencies in Iraq, including their dependents, are safe. This group includes one other Canadian, Mr. L. W. Reiman.

Hon. Paul Martin (Essex East): May I ask a supplementary question. Is the Secretary of State for External Affairs in a position now to report whether or not any word has been received from our mission in Beirut as to the situation confronting some 147 Canadians in that country?

Mr. Smith (Hastings-Frontenac): I have nothing further to add to the reply to a somewhat similar question yesterday.

REQUEST FOR CLARIFICATION OF STATEMENT BY MINISTER

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, would the Secretary of State for External Affairs clarify the statement he made last night on television to the effect—and I quote from the text of the statement as issued by his department—that:

> We have instructed our representative at the United Nations to support every constructive measure that is put before the United Nations for the attainment of the objectives of the United States for the Middle East.

Hon. Sidney E. Smith (Secretary of State for External Affairs): Mr. Speaker, I am very pleased to reply to that question. I feel sure that the context of that statement will indicate that it is related to the statement I made in the house yesterday that our representative at the security council was instructed to support any constructive measure. The United States has put before the security council a resolution which is being discussed today by the council to the effect that the security council be requested to take such measures to stabilize adequately, in the opinion of the United Nations, the situation in Lebanon to the end that the military forces of the United States will be withdrawn. That is what I was referring to.

ALASKA—PROPOSED HIGHWAY FROM U.S. VIA ALBERTA

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I wish to address a question to the Secretary of State for External Affairs. In view of the report in the *Financial Post* of July 12 to the effect that Alberta highways minister Taylor flew to Washington some time ago to encourage Washington to build a link to Alaska from the United States via Alberta and the Alaska highway, and in view of the fact that this proposal is in opposition to the proposals being made by the government of British Columbia, would the minister inform the house if these proposals by the representative of a province are being made after consultation with the Secretary of State for External Affairs? Is this procedure regular, according to protocol?

Hon. Sidney E. Smith (Secretary of State for External Affairs): I received notice of this question after coming into the house. I shall take it as notice.

Mr. Hazen Argue (Assiniboia): My question is in the same vein but not exactly the same as that of my deskmate. I wonder if the Secretary of State for External Affairs would care to comment on a report in the *Financial Post* that a bill has been presented to the United States Senate providing for the sharing between Canada and the United States of the $125 million that would be involved in the paving of the Alaska highway. Has the Canadian government made any commitment that it would share in this very large venture?

Mr. Smith (Hastings-Frontenac): Mr. Speaker, Bill S4097 was introduced recently in the United States Senate by an individual senator on his own behalf, not on behalf of the United States administration. The Canadian government was not consulted.

As to the substance of the proposal contained in the bill, careful examination will have to be given to it before any comment is made. However, hon. members may be interested in knowing that some discussions have taken place between a Canadian interdepartmental committee and the United States Alaska international rail and highway commission concerning improved transportation facilities between the Pacific northwest of the United States and Alaska. I should like to emphasize that these discussions are merely exploratory at this time.

In view of what I have just said, the last part of the hon. member's question becomes inapplicable. However, I should point out that there can be found in the estimates of my colleague the Minister of National Defence an item relating to a start on the paving of the Alaska highway.

NATIONAL DEFENCE

REPORTED INTERFERENCE WITH PHOTOGRAPHERS DURING NAVAL REVIEW

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I have a question which I should like to direct to the Acting Minister of National Defence or to the Prime Minister. I wonder if they would undertake to have an investigation made into the report that 13 newspaper photographers were locked in a small room aboard a naval vessel for 3½ hours during yesterday's naval review by Her Royal Highness Princess Margaret, near Victoria, B.C., and were not allowed to report on the review as were the C.B.C. photographers.

Hon. George C. Nowlan (Acting Minister of National Defence): The minister of National Defence will be back tomorrow, I expect, and I shall bring this question to his attention. I am sure he will give an answer at the earliest possible moment.

NORAD—REFERENCE TO PRESS REPORT OF DIRECTIONS TO CANADIAN FORCES

On the orders of the day:

Mr. G. J. McIlraith (Ottawa West): I should like to direct a question to the Secretary of State for External Affairs. I should like to ask whether he has any statement to make to the house concerning the press report of the directions purported to be given by General Partridge to the Canadian forces forming part of the NORAD forces.

Hon. Sidney E. Smith (Secretary of State for External Affairs): Mr. Speaker, I am unable to answer that question from our department.

Right Hon. J. G. Diefenbaker (Prime Minister): Possibly that question might have been directed to me, Mr. Speaker, in view of the fact that it concerns more than one department. In connection with the press report may I say this. During the past week of deep tension in the Middle East and generally throughout the world the United States has throughout kept the Canadian government informed of the steps being taken and the consequential action which their authorities considered appropriate both in that area and in general. Throughout the week there has been the closest consultation on the highest governmental level as well as between the chiefs of staffs of the two countries.

The nature of our defence program and problem is such that, when a period of international tension arises, it is most essential that the military authorities, particularly those concerned with air defence, shall act prudently so that the forces will be in such a position that should grave eventualities take place that are not anticipated, none the less the defensive and deterrent quality of those defences will be in readiness.

Those in charge of NORAD came to the conclusion that it would be proper to increase the state of readiness of the air defence forces under its operational control. This increased readiness of air defence involves increasing the number of aircraft ready to take off on short notice as well as increasing the number that are available for use at various times in the future.

The commander in chief of NORAD informed both the Canadian and United States chiefs of staffs in this regard yesterday. The decision that was made was the type of decision which our own air defence authorities would have made under all the circumstances had they been operating our defence forces purely as Canadian forces and not as part of an integrated system. However much one regrets the disturbed conditions in the world today and hopes that the tension will be relieved, there are periods from time to time—and this is one of them—when calm judgment and cool deliberation are necesary, and when as a normal practice the defence forces must be brought up to various states of readiness which the circumstances of the moment demand. To take this course is the course of prudence, caution and common sense.

The course that was taken is not intended in any way to be of an alarmist or provocative nature. It is not to be interpreted as such. The course taken is one that was determined on the basis that every potential eventuality in defence must be assured at all times; and I think on the basis of what I have said that while in no way desiring or feeling that what I have said may extend the fears of our Canadian people, at the same time due caution, having regard to the circumstances, will I hope be accepted as the reason for this course which, as I said earlier, would have been taken regardless of whether our air defences were joined or entirely separate.

Hon. L. B. Pearson (Leader of the Opposition): I am sure members on this side of the house would consider this a normal precautionary measure in the circumstances, and not to be regarded as alarmist in any

shape or form. May I ask the Prime Minister whether the Canadian government, as such, is informed when a decision of this kind by the NORAD commander is taken, and if so through what channel?

Mr. Diefenbaker: Information comes to the chiefs of staffs committee, and through the Canadian chiefs of staffs to the government, in this case to the Acting Minister of National Defence and to the Prime Minister.

PRAIRIE FARM ASSISTANCE

REQUEST FOR COMMENT ON STATEMENT BY PREMIER OF MANITOBA

On the orders of the day:

Mr. Samuel Boulanger (Drummond-Arthabaska): I should like to direct a question to the Minister of Agriculture or in his absence to the acting minister. Has he any announcement to make to the house in view of the statement attributed to the premier of Manitoba in a report appearing in the Montreal *Gazette* of July 11, that he expects the federal government will immediately make several changes in the Prairie Farm Assistance Act to bring it more into line with Manitoba conditions?

Mr. Speaker: I would advise the hon. member that we discussed that matter or similar matters for some time last night. As I understand it, the question relates to the policy of the federal government being in line with something said by the premier of Manitoba; is that it?

Mr. Boulanger: We did not discuss the Prairie Farm Assistance Act last night, but the question of deficiency payments. My question concerns an announcement by the premier of Manitoba to the effect that the Prairie Farm Assistance Act will be amended to bring it into line with Manitoba conditions.

Hon. Gordon Churchill (Acting Minister of Agriculture): I have not seen the article in question, Mr. Speaker, but I shall bring this question to the attention of the Minister of Agriculture. I believe he will be back on Friday.

COMBINES INVESTIGATION ACT

BRITISH COLUMBIA—REPORT ON PRODUCTION AND SALE OF FISH

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I have a question I should like to direct to the Minister of Justice. I hope notice of it reached him in sufficient time. Would the minister inform us when it is expected that the report of the commission on restrictive trade practices regarding the production, purchase and sale of fish in the province of British Columbia will be made public?

Hon. E. D. Fulton (Minister of Justice): I regret that I received notice of this question too late to enable me to have more than a very quick check made in the department, but that check so far indicates that we have not yet received this report, though I understand that the inquiry is being proceeded with as expeditiously as possible. I am not able to say, and will not be able to say until I receive the report, when it will be made public, because the nature of the report itself will have a bearing on that matter.

POWER

SAINT JOHN, N.B.—STATUS OF AGREEMENT RESPECTING THERMAL PLANT

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I should like to address a question to the Minister of Northern Affairs and National Resources. In view of recent press reports that tenders are being called for the thermal plant at Saint John, New Brunswick, can the minister tell us if an agreement has yet been reached between the federal government and the provincial government?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): The actual agreement for the Saint John plant between the federal government and the government of New Brunswick has not yet been signed.

Mr. Pickersgill: Does the minister know whether it is true that tenders are being called?

Mr. Hamilton (Qu'Appelle): If the report is correct, it is my first awareness of it.

HOUSING

N.H.A.—INTEREST RATES ON LOANS FOR DOWN PAYMENTS

On the orders of the day:

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, I wish to direct a question to the Minister of Public Works. In the light of the fact that legislation ties National Housing Act interest rates to rates paid on government securities, and in view of the recent rise in interest rates on government securities as announced by the Minister of Finance, is the minister in a position to assure the house and the country that no further increase is going to be permitted in interest rates on National Housing Act loans for the next several months? I am asking this so

there may not be any withholding of the regular flow of mortgage money on the part of private lenders.

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, there is no intention of raising the interest rate. Mind you, a certain category of loans do go up and down, as the hon. member knows; but on the ordinary insured loans under the National Housing Act and those under the small house loan plan there will be no raising of these interest rates.

UNEMPLOYMENT INSURANCE

STATEMENT ON REQUEST FOR SEASONAL BENEFIT PAYMENT FIGURES

On the orders of the day:

Hon. Michael Starr (Minister of Labour): Mr. Speaker, on June 28 and again on July 3 the hon. member for Bonavista-Twillingate asked a question regarding the number of persons receiving seasonal benefits at the time seasonal benefits expired, that is, the end of June. The figures which are now available relate to active claims on June 28 and are as follows:

Atlantic region	24,383
Quebec region	44,426
Ontario region	36,970
Prairie region	12,437
Pacific region	13,662
Total, all Canada	131,878

LABOUR CONDITIONS

UNEMPLOYMENT—REQUEST FOR REPORT ON CONCLUSIONS OF CURRENT CONFERENCE

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I wonder if the Minister of Labour would care to give the house a report on any conclusions that were reached at the conference held in Ottawa on winter unemployment and whether, as a result of that conference, steps will be taken shortly requiring legislation to be placed before parliament.

Hon. Michael Starr (Minister of Labour): Mr. Speaker, that report has not yet been presented in final form. The resolutions were submitted in first draft form to the chairmen of the various committees who will prepare them in final form. They will be submitted to me when completed, and I in turn will bring them to the attention of the government for a decision to be made on what action should be taken on these recommendations.

Mr. Argue: A supplementary question. I wonder if the minister will say whether any conclusion has been reached regarding the provision of financial incentives for the construction industry during the winter months.

Mr. Starr: No decisions have as yet been made with regard to what has transpired during the last two days, and what I said in answer to the previous question applies.

Hon. Paul Martin (Essex East): May I ask the Minister of Labour whether as a result of yesterday's conference he feels disposed to recommend to his colleagues the desirability of the dominion-provincial conference being convened at an early date?

Mr. Starr: I will present to the government for consideration the ideas and recommendations that were made in the last two days.

YUKON ACT

AMENDMENTS RESPECTING BORROWING AND LOANING OF MONEY, APPOINTMENT OF OFFICIALS, ETC.

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources) moved the second reading of Bill No. C-35, to amend the Yukon Act.

He said: Mr. Speaker, in moving second reading of a bill to amend the Yukon Act I should like to refer the house to the remarks I made a week ago today in dealing with this matter, on which occasion I outlined the five amendments in the bill, four dealing with administrative matters and one with territorial boundaries. There is not a great deal I can add at this stage to what I said a week ago today, so I shall confine my remarks more or less to the content of the amendments.

The first amendment deals with section 19 in which we broaden the purposes for which the governor in council may borrow and lend money in the territory. Under the existing act the right of borrowing money is limited to borrowing for territorial expenditures and lending money to municipalities. The new amendments make it possible to lend money for territorial purposes, municipal purposes or local purposes. The words "local purposes" in this amendment refer to school boards, hospital boards and similar organizations in the territory. At the present time there are no school districts in the Yukon, but it is hoped that as the districts and communities of this new territory accept the responsibility of self-government, school boards will be formed. This amendment, therefore makes it possible for the commissioner on behalf of the territory to borrow money which may be loaned to a school district. The bill contains two new clauses, (b) and (c) which read as follows:

(b) for the lending of money by the commissioner to municipalities and school districts, in the territory, and—

Mr. Speaker: Order. I wonder if the minister would find it possible to discuss the bill without detailed consideration of the clauses at this stage, because it goes from here to committee, and if there is a principle which runs through the bill perhaps it would be well to confine the debate at this stage to that principle. If it is a series of isolated amendments then, of course, there is no other way in which the hon. gentleman could proceed.

Mr. Hamilton (Qu'Appelle): Mr. Speaker, it would assist me a great deal if I could merely review again the main principles of the bill. The first four amendments are administrative. The first deals with the power of the commissioner in council to borrow and lend money and extends the freedom of the territorial government to take action in this very necessary part of a provincial government's activities. The next amendment is in connection with police magistrates and is designed to give the Yukon territory the same provisions that apply in the Northwest Territories with respect to the appointment of deputy police magistrates.

The third amendment gives to the governor in council the right to appoint judicial and other officers for the due administration of justice in the territory. The fourth amendment deals with the importation of liquor into the territory, and simply gives the right to the commissioner to appoint another person to authorize such importation of liquor.

The fifth amendment deals with the precise description of the territorial boundaries.

With those remarks I can conclude by saying that these are moves to increase the efficiency of the administration of the Yukon territorial government and broaden its powers, as part of the transitional procedure of giving to this area increasing authority over its own affairs in the ultimate hope that some day it will be a province of this dominion.

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

On clause 1—*Borrowing and lending.*

Mr. Herridge: Mr. Chairman, we in this group read the bill and listened to the minister's remarks with keen interest. The necessity for the introduction of the bill to improve the efficiency of the administration of the Yukon Territory clearly indicates the growth and expansion of that area, and the broadening of the powers of the commission is, we hope, another step in the evolution toward the development of a provincial administration in the Yukon Territory.

With respect to clause 1, would the minister give the committee some further information as to how the funds are borrowed and how the financing is done; to what account borrowings are charged and things of that nature so we can better understand the relationship between financing in the Yukon Territory and in the provinces?

Mr. Hamilton (Qu'Appelle): Mr. Speaker, in answer to the hon. member for Kootenay West, what I could do is give him a statement of the revenues and expenditures of the territory, which will illustrate the proportion of income from federal and local sources.

Mr. Herridge: Yes; that is what I wanted.

Mr. Hamilton (Qu'Appelle): Using the 1956-57 figures, the total revenues of the Yukon Territory were $2.1 million. These were broken down, in round figures, as shown in the following tabulation:

Revenues—1956-57	Amount
Tax revenue	$400,000
Licence revenue	140,000
Fees	9,000
Road Tolls	33,000
Fines	8,000
Miscellaneous	59,000
Expenditures recovered	24,000
Federal subsidy and grant	588,000
School fees	84,000
Equipment and rentals	25,000
Liquor profits	731,000
Total	$2.1 million

In simple terms, Mr. Chairman, the big revenue sources are first, liquor profits; second, ordinary tax revenue; and third, the subsidy from the federal government, which is similar to the dominion-provincial subsidy.

The expenditures are illustrated by the following tabulation:

Expenditures—1956-57	Amount
Administration	$159,000
Municipal and town administration	106,000
Education	454,000
Health and welfare	330,000
Roads, bridges and public works	628,000
Sub-total	$1.6 million
Capital expenditures	$876,000
Grand total	$2.5 million

In the year 1956-57 there was an excess of expenditure over revenue of $439,000. It should be pointed out that capital expenditures are included in the statement. This section actually gives power to the territorial government to borrow money rather than paying everything out of the annual revenue.

Mr. Argue: Can the minister give the committee some idea of the amount of money that may be borrowed under the authority of this section, how the money is to be borrowed, what the terms are and generally just how this power may be used?

Mr. Hamilton (Qu'Appelle): In answer to the first question about the extent of the borrowing, I do not think anyone could answer that precisely. The hon. member will notice that subsection 3 reads:

> No money shall be borrowed or invested under the authority of this section without the approval of the governor in council.

We have maintained that control in order to keep an eye on the extent of their borrowings in relation to their income, and even though we do not know the exact amount they will be borrowing, as no one could be expected to know, we do have control on the extent of their borrowing, something the same as obtains under the powers of a local government in a province.

The type of borrowing we have done to date has required coming to the House of Commons under the Appropriation Act. The two loans that we have agreed to so far are for a sewer and water system in the city of Whitehorse and a hospital in the city of Whitehorse. These are the two loans they requested before, but I think the procedure is under discussion with the territorial government and the local councils, in this case the city of Whitehorse. If they come up with a capital expenditure they are not able to cope with within their own finances they request us to participate. In the past we have had to bring an amendment to an act before the house before we could lend them that extra money for capital expenditure. This simply empowers the territorial government to borrow without coming to this house and asking for legislative amendments to an existing act, but we do control the limit or the extent of the borrowing.

Mr. Martin (Essex East): I think the minister mentioned an expenditure of $300,000 for a hospital at Whitehorse.

Mr. Hamilton (Qu'Appelle): The loan was $750,000.

Mr. Martin (Essex East): Does that take into account grants given by the federal government under the national health program with respect to available funds for hospital construction, or is the $750,000 in addition to moneys paid out for hospital construction?

Mr. Hamilton (Qu'Appelle): I have not the full records here in this particular file of the loan or of the affairs of the hospital at Whitehorse in the Yukon; but my memory is —and I am fairly sure I am right—that the total cost was just short of $4 million. This was broken down into several parts. The city of Whitehorse had to contribute, I think, $1 million. This is purely from memory. In connection with the hospital in the city of Whitehorse they had to put up a certain amount, which I think was $750,000, and they had to come to us to borrow the $750,000. Then the Department of National Health and Welfare put a sizeable amount into it as well.

Mr. Martin (Essex East): They made an outright grant of $2 million, I think.

Mr. Hamilton (Qu'Appelle): I have forgotten the exact amount, but I think it was a major item. Then the Department of National Defence made a contribution. Therefore we have the territorial government, the city of Whitehorse, the Department of National Defence and the Department of National Health and Welfare all contributing to this hospital. Since Whitehorse did not have the money we had to bring in an amendment to the Appropriation Act to make it possible for us to allow the commissioner in council to borrow this amount on behalf of the city of Whitehorse.

Mr. Martin (Essex East): As I recall it, the grant to the hospital by the Department of National Health and Welfare was an ad hoc grant. I was wrong in attributing to it the authority of the national health program. When was the request made for the loan that is now requested of the federal government for the hospital? Was it within the last three months?

Mr. Hamilton (Qu'Appelle): Mr. Chairman, I have not the information here as to the date when the request for that money was made. I certainly know it was before the time I came to the department. I can look for the information and have it available for the hon. member. I made one mistake when I spoke of the loan of $750,000. The loan was not for the city of Whitehorse; it was for the territorial government, which was borrowing the money for its participation in the hospital cost.

Mr. Martin (Essex East): The reason I asked the question is this. If the federal government thought it desirable to make an outright grant of $2 million, which may or may not be accurate, what I cannot understand is why the remaining moneys are given by way of a loan and not by way of an outright grant.

Mr. Hamilton (Qu'Appelle): The understanding I have of the responsibility here is that, putting it under our local situation, when you build a hospital there are certain government grants that go to that hospital, as to all hospitals, but in the case of the Whitehorse hospital the Department of National Defence have a responsibility because they have people in the community

who want hospital beds. The territorial government has a responsibility because they are responsible for the health of the people in the territory, and they had to make this contribution. The share was worked out among the parties interested so they contributed according to their relative responsibilities; but with respect to the territorial share of $750,000, they did not have the money in their annual revenue and they had to come to the government for permission to borrow the amount.

Mr. Nielsen: If I might make an observation to augment the observation made by the hon. member for Essex East, I would say that these contributions were worked out by the last administration, to my knowledge. They have not been changed at all since that time.

Mr. Martin (Essex East): Not the $750,000.

Mr. Nielsen: Yes, I believe that is so.

Mr. Martin (Essex East): It would be unusual if I were wrong.

Mr. Thomas: Does the territorial government of the Yukon receive assistance for their roads and other public works according to a formula, or is each grant dealt with individually?

Mr. Hamilton (Qu'Appelle): The question of the hon. member for Middlesex West is a very wide one, because we have several classifications of assistance that we give to the Yukon. In the general situation at the present time the territorial government is responsible for roads in the territory, but in practice the division of responsibility as between the federal government and the territorial government is roughly along this line. We are responsible for the natural resources of this area. Therefore when a development road goes in we would pay for the development road, and if the road is used by the people of the Yukon when they are responsible for 15 per cent of the maintenance and we are responsible for 85 per cent; that is, allowing for the use of the road by the Yukon people.

The second part of the question dealt with public buildings. These are dealt with by the territorial government. If the building is a territorial building they erect it; but there are occasions, and there will possibly be occasions in the future, where the capital expenditures they wish to undertake will be beyond their means if they have to use the annual income each year. That is the reason for asking for this broadened power, to give them the right to borrow.

Mr. Herridge: While we are on this clause, Mr. Chairman, I should like to ask a question just to satisfy my insatiable curiosity about many matters in life, including the Yukon. I may say that I became interested in the Yukon in the early days because as a boy I met a famous woman of the Yukon called Yukon Iola. That was my first interest in the Yukon. Anyway, I wanted to ask about the constitutional basis for the municipalities in the Yukon and their financial relationships with the federal government.

Mr. Hamilton (Qu'Appelle): The hon. member is not alone in that. Everything is in a state of transition there but you do have municipalities. I think there are three cities. There are other areas which are not even organized into municipalities and therefore the territorial government has direct dealings with a large proportion of the people of the Yukon. It is only in Whitehorse, Dawson and Mayo that you have any form of municipal or local government at the present time. There are other areas where people live that have no organized government whatsoever. Therefore the situation is in a state of transition. We are hoping that step by step the communities will form themselves into local self-governing bodies with all the rights and responsibilities of municipal governments. We are also hoping that they will move into the field of education, form local school boards and accept their responsibility. At the present time these responsibilities are looked after by the territorial government where there is no organization into municipalities. We are hoping that the formation of local governments will spread in the territories and that they will assume their full share of governmental responsibility.

Mr. Herridge: I thank the minister for his explanation but what I am not clear about concerns the municipalities within the Yukon. Are their financial relationships somewhat parallel to the relationships that exist between a municipality and a province? Do they get grants for their schools, hospitals, certain street improvements and things of that sort?

Mr. Hamilton (Qu'Appelle): The answer is roughly yes. There is a municipal ordinance but they do not exercice in full the responsibilities that are exercised in a normal community in the provinces. At one time, for instance, a debate had been going on in the city of Whitehorse with respect to how far they should go in accepting responsibility for providing sewer and water services. The same situation applies to other improvements. They have worked out ways of handling things which are not orthodox in ordinary municipalities in the provinces. Fire protection is one example where they have worked out their own arrangements. Fire protection is provided partly by the local army unit in Whitehorse and the city of Whitehorse partly

assumes the responsibility. The municipalities are gradually moving more toward accepting full responsibility for running their own communities.

Mr. Nielsen: With respect to the question asked by the hon. member for Kootenay West may I say that I have a certain amount of intimate knowledge of the area to which the bill will apply and perhaps the minister will allow me to say that while there is the power under the municipalities and taxation ordinance to create incorporated cities in three areas, namely Dawson, Whitehorse and Mayo, only Dawson and Whitehorse have taken advantage of the provision to create themselves municipalities within the provincial meaning of that term. The area of Mayo is still not governed by what is known provincially as a municipal council. The authority for the creation of municipalities comes initially from the powers contained in the Yukon Act which the bill purports to amend. The Yukon Act as it now stands may be compared almost in every respect with the relevant provisions of the British North America Act which delineate powers as between the provinces and the federal authority. That is where the constitutional power comes from for the creation of municipalities in the Yukon.

Mr. Caron: When a municipality wants to obtain a loan for public works does it have to ask the permission of the territorial authorities? If a municipality wants to borrow money for a municipal public works does it have to seek permission or authority from the territorial authorities?

Mr. Hamilton (Qu'Appelle): That is correct. The municipal governments and school boards when created are creatures of the territorial government. They go to the territorial government to borrow money and if the territorial government cannot provide them with sufficient money to meet their needs the territorial government then comes to us and sees what can be done.

Clause agreed to.

On clause 2—*Deputy police magistrates.*

Mr. Pearson: Mr. Chairman, as the minister knows, in the provinces appointments of magistrates are made by the provincial government. What is the reason behind the decision that has been taken to make appointments of deputy police magistrates in the Yukon by governor in council rather than by action of the territorial council?

Mr. Hamilton (Qu'Appelle): I am informed that under the Yukon Act the territorial government does not have jurisdiction in relation to natural resources and justice, which are left under federal control.

Mr. Pearson: I wonder whether the minister or his parliamentary assistant would tell me whether it is contemplated that any action will be taken under this section with regard to these appointments?

Mr. Hamilton (Qu'Appelle): This same provision was placed in the Northwest Territories Act last year and at that time I promised the house that I would bring in a similar amendment to the Yukon Act. We have not given any consideration to the matter yet.

Mr. Caron: Clause 2 reads as follows:

> The governor in council may appoint one or more persons who are barristers or advocates of at least three years' standing at the bar of any of the provinces of Canada to be deputy police magistrates—

Under this provision it would seem that a barrister who had been disbarred in a province would be eligible for the position. Would it not be wiser to say "lawyers, barristers or advocates in good standing at the bar of any of the provinces of Canada"? Otherwise you are liable to have a man who has been disbarred in one of the provinces because there is nothing to prevent it there.

Mr. Hamilton (Qu'Appelle): If any person has been admitted to the bar and has three years' standing I think the inference is that he would be considered to be in good standing. If a lawyer is not in good standing I understand he is disbarred. There is one thing I should like to mention while I am on my feet. Hon. members may have noticed that the word "provinces" is used which would seem to bar barristers or advocates from the territory. That does not hold. In Whitehorse there are several barristers resident there and they are not ineligible under this section because the definition of the word "province" in the Interpretation Act includes the territories.

Mr. Cardin: Can the minister tell me why provision is being made to appoint deputy police magistrates having the same power as police magistrates rather than increasing the number of police magistrates? Why do you have deputy police magistrates?

Mr. Hamilton (Qu'Appelle): At the present time I understand there is no necessity for additional magistrates. The purpose of the clause is simply to have the power to appoint a deputy police magistrate if the magistrate is not available. If you have just one magistrate in a big area and that is all that is needed it is fine if he is there 24 hours a day 365 days a year. You have to have the amendment, so if he is away or incapacitated you can move in another person to take over.

Mr. Caron: Does the minister intend to change the words "any of the provinces of Canada"? This wording excludes the Northwest Territories. If the words "Northwest Territories", were included, then a person in that area could take the position.

Mr. Hamilton (Qu'Appelle): I am trying to understand the hon. member's question. Is he suggesting that we should limit this to people within the territories?

Mr. Caron: No, but by adding those words to the definition, as it is now, this area would be included. It says "any of the provinces of Canada", but the Yukon Territory is not a province of Canada as yet. This would clarify the interpretation and make it clear that those living in the Yukon Territory would be eligible for the position.

Mr. Winch: They are, under the Interpretation Act.

Mr. Caron: It would be much clearer if it were written in this section.

Mr. Hamilton (Qu'Appelle): I raised the same matter, but my friends in justice informed me that the word "province" is used continually throughout our legislation to mean, under the Interpretation Act, the provinces and territories. The addition of the word "territories" would make this phrase superfluous.

Clause agreed to.

Clause 3 agreed to.

On clause 4—*Manufacture and importation of intoxicants.*

Mr. Herridge: There has been a sort of fable in existence throughout Canada for many years to the effect that the content of alcohol in spirits sold in the Yukon and Northwest Territories greatly exceeds that usually obtainable in the other provinces of Canada. Can the minister inform the house if that is correct, and by what extent the alcohol content of the spirits exceeds that of other provinces?

Mr. Hamilton (Qu'Appelle): This rumour is true. Transportation into the north country is very expensive, and it seems such a waste to spend money for the transportation of water. I understand the liquor known as rum is particularly potent, but I believe the other liquors are more or less average and in line with those sold in the rest of Canada.

Mr. Pearson: Before this clause carries does the expression "a person authorized by him", mean that the appointment can be made of any person? Can there be any number of persons appointed or just one person?

Mr. Hamilton (Qu'Appelle): I took this matter up with justice, and their ruling is the word "a" does mean any, in the full sense of the word. You can appoint one or more.

Mr. Pearson: Any number of persons?

Mr. Hamilton (Qu'Appelle): Yes.

Clause agreed to.

Clause 5 agreed to.

Schedule agreed to.

Title agreed to.

Bill reported.

The Acting Speaker (Mr. Rea): When shall this bill be read a third time? Now, by unanimous consent?

Mr. Hamilton (Qu'Appelle) moved the third reading of the bill.

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

NATIONAL PARKS

CAPE BRETON—PROVISION FOR WITHDRAWAL OF CERTAIN LANDS

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources) moved the second reading of Bill No. C-36, to amend the National Parks Act respecting the boundaries of Cape Breton Highlands national park.

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

On clause 1—*Lands withdrawn from Cape Breton Highlands national park.*

Mr. Winch: Could we have an explanation in detail because this concerns the withdrawal of certain lands from a park area?

Mr. Hamilton (Qu'Appelle): A week ago, Mr. Chairman, I outlined the reasons for the withdrawal of this area from the park. I shall repeat briefly, if I may, the situation that exists. The purpose of withdrawing these 10 square miles from the Cape Breton national park is to provide for the Wreck Cove hydro development of the Nova Scotia power commission. As I said a week ago, the National Parks Act does not allow the exploitation of the resources of that area when they are inside the park. If it is decided, however, that the national interest requires the development of these resources within that area, then that area has to be removed from the park. There are precedents for this.

In this particular case a request came in November, 1956, for the use of these headwaters for the development of hydro at the Wreck Cove plant. It was contended that the use of these waters within these 10 square miles could boost the capacity of the plant considerably. The two governments of Nova Scotia and Canada undertook a joint survey to ascertain the facts from an engineering and economic point of view. The report recommended that these approximately 10 square miles would provide sufficient water to increase the output of the plant and make the provision of hydro power in the Wreck Cove plant much cheaper and much more satisfactory.

I did mention a week ago that I was very sorry that we had to withdraw this land from the park. It is true that the lands are not too valuable from a scenic point of view because there was much of the same type of land in the park, that is in this south-central part of the park. The provision of this additional power would help the provincial program and improve their economic position by providing excess power for peaking. We did try to obtain additional lands from the province of Nova Scotia. I believe this was referred to by the hon. member for Cape Breton North and Victoria last week. We looked at the lands to the north and west of the park, and as I stated at that time, those lands were similar to areas already in the park. The situation was further complicated by the fact that there were fishing villages along the shore which would add many complexities to our already difficult problem of administering parks.

Now, the hon. member for Cape Breton North and Victoria mentioned that the fishing villages would be an asset to the park. I agree with him that they would be a great tourist asset.

But the task of administering a park with private land within that park is extremely difficult. So for these reasons we decided not at this time to take on these difficulties but to look around for something else that we could get in compensation. So we asked the Nova Scotia government if they would make available to us those five acres of land close to the Champlain Habitation which would make this national historic park a much better place from a scenic and general attractiveness point of view. They assented to that proposal and we have now made arrangements with the province to get the five acres on the Champlain Habitation in exchange for the ten square miles in the park.

Mr. Winch: Five acres or five square miles?

Mr. Hamilton (Qu'Appelle): Five acres. The Champlain Habitation is a very small area. By acreage there is no comparison but many people who have been down there visiting have expressed approval. I think the hon. member for Bonavista-Twillingate made mention of this matter a week ago, by expressing his gratitude or appreciation that we had been able to get this land for the national historic parks. I think that is the summary of what I said a week ago as to why we are withdrawing this land from the park.

[Mr. Hamilton (Qu'Appelle).]

Mr. Herridge: We in this group and, I think, a good many other members in the house are interested in the maintenance of our parks and their extension wherever possible and wise. But in view of the explanation given by the minister as to the need for the withdrawal of this land and also his reference to the commendation from the hon. member for Bonavista-Twillingate we in this group, without any further knowledge of the situation, support the bill because, while it is unfortunate to withdraw land from our parks, we think it is in the public interest at this time.

Mr. Benidickson: What will the area of this park be after the ten square miles are withdrawn?

Mr. Hamilton (Qu'Appelle): About 400 square miles. I will pass the map across the floor of the house if the hon. member would like to look at it and see the size of the area that is being withdrawn.

Clause agreed to.

Schedule agreed to.

Title agreed to.

Bill reported.

Mr. Hamilton (Qu'Appelle) moved the third reading of the bill.

He said: As this bill, if enacted, will divest the crown of an area of land in Cape Breton Highlands national park, title to which is presently in the crown, may I say that His Excellency the Governor General was informed with respect thereto and has given his consent to the consideration of the bill.

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

CANADIAN FARM LOAN ACT

AMENDMENT INCREASING AUTHORIZED CAPITAL TO $6 MILLION

Hon. Donald M. Fleming (Minister of Finance) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Canadian Farm Loan Act to increase the authorized capital of the Canadian farm loan board from $4 million to $6 million.

Motion agreed to and the house went into committee, Mr. Rea in the chair .

Mr. Fleming (Eglinton): Mr. Chairman, the resolution before the committee is simple and clear in its terms and urgent in its nature. The bill to be founded on the resolution is likewise simple and very clear in its terms. The bill increases the capital stock of the Canadian farm loan board from $4 million to $6 million, and that is all the bill does. That is the sum total of the extent of the bill.

The Canadian Farm Loan Act provides that the farm loan board may borrow money from the Minister of Finance for re-lending to farmers but that the total amount of such borrowings may not exceed 20 times the par value of its outstanding capital stock. At present the outstanding capital stock is $4 million which fact therefore limits the board's borrowing capacity and consequently its re-lending capacity to $80 million. At the beginning of this fiscal year, April 1, 1958, the board had loans outstanding in excess of $61 million and nearly $6 million of approved loans awaiting distribution. Loan applications on hand at that date exceeded $5 million and indications at that date were that at least $20 million of approved loans would be processed this year. But in the nearly four months that have passed since then, it is quite clear that the lending business of the board is greatly expanding beyond those expectations.

I may say that the board's actual lending in this fiscal year has accelerated considerably in excess of the increase estimated at April 1. Loan approvals at the end of June this year are 70 per cent ahead of those at the same date in 1957. Loans placed with the board's solicitors for disbursement at the end of June this year are 106 per cent ahead of those at the same date last year. Loans actually disbursed up to July 15—that is yesterday—this year equal those of last year to October 1. The best estimate at this time is that loan commitments by the board, unless the present measure is adopted, must cease by about August 15 and available money for commitments made will be exhausted by about October 31. There is therefore urgency in this present resolution, Mr. Chairman.

By increasing the capital stock which the Minister of Finance is authorized to purchase from $4 million to $6 million, the proposed amendment will increase the board's lending capacity from the present $80 million to $120 million. As all hon. members know, the government is keenly aware of the importance of agricultural credit and finance for the prosperity of our farming community. There are on the statute books three important acts which deal with the capital needs of farmers, namely the Canadian Farm Loan Act; the Farm Improvement Loans Act which deals with intermediate credit, particularly for financing the purchase of farm equipment; and the Veterans' Land Act administered by my colleague the Minister of Veterans Affairs. At the present time the government is engaged in a comprehensive study and review of all three acts with a view to determining where enlargement of scope, expansion in function or improvement in the methods of operation may be required.

I think I should say a word about the procedure that is proposed. I have stressed the fact that the resolution relates to this one feature, namely the total amount of permissible borrowing and with it re-lending. The bill to be founded upon the resolution has precisely that effect. If it meets with the approval of the house I propose, after the bill has been given second reading, to move that it be referred to the standing committee on agriculture, so that that committee will be in a position to undertake whatever review or study it wishes of the broader aspect of the subject. Indeed, because the bill is so very short and its provisions so clearly within the simple terms of the resolution, if it meets with the approval of the house I would ask the house, in order to expedite the measure and move it to the standing committee on agriculture as quickly as possible, to allow the bill to be introduced and be given second reading today, and then, presumably, the committee on agriculture can meet soon and the officials of the Canadian farm loan board, the commissioner, Mr. Chester, and other officials of the department or of other departments will be available to assist members of the committee in studying all questions that may arise out of the bill.

It is hoped by the government that in this way whatever ideas hon. members may have in relation to this subject may be put before the committee, and also that the Canadian farm loan board may have an opportunity of acquainting members with the very greatly extended operations of the board.

In my experience as Minister of Finance for the past year, I have found that much of the criticism that one has heard about the operations under the Canadian Farm Loan Act relates to the period antecedent to the 1956 amendments. During the 1956 session the act was substantially revised, enlarging the permissible loan in any individual case and also the percentage of value of the farm against which the farm loan board was authorized to make loans. I think I can say that the tone and attitude of the administration has undergone a good deal of

change in recent times and that the board takes a much more generous and benevolent view of its responsibilities in this regard than it used to prior to the 1956 amendments. I think this is a matter which brings pleasure to all hon. members of the house, and in the committee on agriculture there will be every opportunity hon. members may wish to inform themselves with respect to the operations of the board and to obtain whatever information they may require relevant to the subject matter of the bill.

Mr. Argue: Mr. Chairman, the statement of the Minister of Finance that there has been some change in the attitude of the Canadian Farm Loan Board since 1956 is certainly a correct one, and is borne out by the results of the applications made to the board for loans. I think that if anyone goes over the evidence of the committee of that day he will learn the value of having on that committee —and I am sure the Minister of Finance will appreciate this—members of all parties and members in the opposition of that day who took their duties very seriously and prevented a move by the government to hurry the thing through on such pretexts that unless it got through right away applications before the board could not be dealt with and the loans would not be provided. Because we were able to keep the board before the committee for a number of sessions and because we were able to get the opinion of highly qualified witnesses, particularly the late Dr. E. C. Hope of the Canadian federation of agriculture, we were able not only to get some improvement in the terms of the bill which was before the committee at that time but, and probably this was of even greater importance, to change the attitude of the board itself and perhaps of the government, too, because I imagine the board was reflecting the government's attitude towards applications placed before the board.

There is no field of government policy in which farm organizations have been more critical in recent years than the field of farm credit. Brief after brief has been presented to the previous government and to this government asking for an extension of farm credit and for improvements in this respect, and this government, in its election campaigns in both recent elections, made a very strong point with regard to the improvement of farm credit facilities. I express the hope that a study which is now being made in various fields of farm credit will result in a complete overhaul of the farm credit machinery.

Even if one attaches every importance to the change in attitude of the Canadian Farm Loan Board, the fact still remains that in this field the very terms under which farmers have to obtain credit are most unsatisfactory, and this is from the standpoint of the farm organizations themselves, based upon their submissions over the years. The bill presented to the agriculture committee in 1956 provided an amendment to extend the terms of loans up to 25 years. We were able to get a subsequent amendment providing for a maximum period of 30 years. The farm organizations have now asked for an extension to 40 years, and they have not been merely taking whatever provision the government had placed in legislation and adding another five or ten year period to it so that the government could never catch up with their demands. Their attitude has been to relate that figure to conditions in agriculture and to state that in view of these conditions farmers need a period of 40 years in which to repay their loans. I think this very long period of time emphasizes very vividly the difficulties which farmers experience in making a living and repaying the loans they have borrowed. The history of farming in this country and in most countries of the world is that a young man acquires a farm, and acquires with it a sizeable debt—

Mr. Speakman: May I rise on a point of order? Cannot the hon. member for Assiniboia discuss the resolution which is before us?

Mr. Argue: Mr. Chairman, I think I am discussing this resolution. I think I am following the example set by the minister. It seems to me that some of these new members are far too sensitive, and far too impatient of any member who stands up in the house and suggests that there should be some improvement. I suggest to the hon. member that he contain himself and not be so impatient. If he desires to rise in his place and make whatever contribution he wishes to this debate, let him do so instead of interrupting by raising points of order.

There are other improvements which have been suggested. One is a change in the interest rate itself, and I think that is most important because at present interest rates it takes a farmer, very often, a whole lifetime—40 years—to repay his obligation. Studies made by the federation of agriculture and the farmers union reveal that agriculture has not been able to pay over just 2 per cent on the capital employed in the industry, and so the interest rate of even 5 per cent being charged by the Canadian Farm Loan Board is a high rate of interest and is a very onerous burden upon agriculture.

We in this group would suggest with the farm organizations that there should be a substantial lowering of the interest rate to at least 3 per cent. We further suggest that the maximum loan that could be obtained

under the act should be increased. The maximum that can be obtained is $15,000. We suggest that the maximum should be increased to $20,000. Sixty-five per cent is the maximum of the assessed value that can be obtained by way of loans at this time. The farm organizations have not complained about that figure itself in some aspects and particularly with regard to the larger loans but they have requested a change in the act so that loans of up to at least 80 per cent of the assessed value could be made, with a maximum loan of $10,000.

I am pleased that a study is being made in this field and I hope that every consideration is being given to the provision of what one might term managed credit or supervised credit in the field of agriculture. A great deal of useful information, as the minister well knows, can be obtained from examining the experience in the United States. The farm credit administration in that country makes loans on a production basis. Canada has had some experience in this field as well with regard to the Veterans' Land Act under which legislation loans are supervised. I think every one will agree that the experience in regard to loans under that act has been excellent and there is much that could be learned about this method of providing loans from examining the experience under the Veterans' Land Act.

I express the hope to the minister that his major announcement the other day as to issues of long term government bonds at higher rates of interest will not so affect the cost of money being made available to the Canadian farm loan board as to necessitate any increase in the interest rate that the board presently charges.

Mr. Fleming (Eglinton): I do not expect that to happen at all.

Mr. Argue: I am very pleased to have that assurance from the minister. I remember that we discussed this question in the committee a couple of years ago and at that time we were not able to pin down the minister of that day to a definite assurance in this respect. He merely expressed the hope that it would not happen. I thank the minister for his statement and his assurance that the interest rate will not go beyond 5 per cent.

I hope that we may be able to have witnesses appear before the committee on agriculture who are authorities in this field and that we may be able to make a study of the broader field of agricultural credit. In spite of all I have said about the importance of agricultural credit and the importance of making very substantial changes in this field, I would not want it assumed or deduced that I am of the view that agricultural credit of itself is in large part a solution of the present agricultural problems. As far as grain producers are concerned today, I think you could give them any amount of credit, they could be farming the very best land they could locate, they could choose the size of farm and the type of machinery necessary to give them the most highly efficient unit, and I still believe it would not be possible for them to make sufficient money to pay depreciation, provide themselves and their families with an ordinary Canadian standard of living and have enough left over to restore or replace the equipment after it had worn out. In other words, regardless of the amount of credit or the kind of terms on which it was given, this would not solve the problems of those engaged in the production of grain.

I believe I heard some one in the Liberal group saying something about going to California.

Mr. Robichaud: That is not correct.

Mr. Argue: I will accept that as a correction of my interpretation of the rumblings I heard back there. I might remind the hon. member that it has already been said during this session by a very prominent and outstanding member of his party who is considered the agricultural spokesman that farmers on the prairies are in a much superior position to farmers in other parts of Canada.

An hon. Member: It is true.

Mr. Argue: Someone says it is true. To those who think that in the winter a farmer can move to town or go to California, I can reply that it "just ain't so". The farmers on the prairies as in any other part of this country are working very hard. They obtain very little for their efforts. If you think that a good farmer is able to take a holiday, much less go to California, I take pleasure in informing you—

The Deputy Chairman: Order. I must remind the hon. member that this resolution does not include reference to a trip to California. May I request that the hon. gentleman direct his remarks to the subject of the resolution.

Mr. Argue: I appreciate what you have said, Mr. Chairman. Your remarks are certainly well taken. Even in his most generous moments I do not think the Minister of Finance will be providing any loans for trips to California and if any farmers are taking loans under this act and subsequently making a trip to California, I suggest that their chances of repaying the loans will be greatly reduced.

When hon. members speak on a question like this they should agree first of all that farmers in all parts of Canada have very serious problems one of which is to obtain adequate credit on reasonable terms. It does

not assist the position of farmers in any one part of the country to make ill-founded remarks about agricultural producers in other parts of the country.

I conclude by expressing the hope to the minister that further legislation in this field will be forthcoming along the lines I have suggested and designed to meet the requests of the farm organizations.

Mr. Boulanger: Mr. Chairman, as I intend to make this my first English speech in this house, I beg the indulgence and consideration of all hon. members present. I listened with interest to the remarks made by the Minister of Finance and by the leader of the C.C.F. party. I do not know whether or not I should make any statement concerning what was said by the hon. member for Assiniboia concerning trips by farmers to California or to the southern part of the United States but I think I shall wait for another occasion to comment upon this.

I want to tell the Minister of Finance that I will vote for the resolution. However, I also wish to tell him that it falls far short of being the improvement to the Canadian Farm Loan Act that was promised by the Minister of Agriculture. The only advantage of this measure is that it provides additional funds to the board. This means that the borrower under this legislation will not enjoy any improvement over the conditions available to them today.

If we look at the statutes since this law was first passed in 1927 we note that several amendments have been made to it throughout the years. These changes have always been made in the sense of improving it and adapting it to new conditions. The last changes were those made in 1956, which increased the percentage evaluation of property from 60 per cent to 65 per cent of its value, increased the maximum loan from $12,000 to $15,000 and extended the repayment period from 25 years to 30 years.

This law, initiated and improved by the Liberal administrations over the years, has been of great service to our farmers but it has become somewhat outdated with the evolution of farming methods and the need for greater capital. The resolution that we are discussing today should include the amendments promised by our Conservative friends during the last election campaigns. Let me remind the committee of the promise made by the Minister of Agriculture at Mont Tremblant on September 18, 1957. He said:

> A more generous farm credit policy and the diversification of production may improve Canada's depressed farm economy, Agriculture Minister Harkness said today. He suggested the type of credit policy similar to loans accorded under the Veterans' Land Act may be used to help farmers.

[Mr. Argue.]

And on March 11 of this year the Prime Minister is quoted in the Hamilton *Spectator* as having said:

> ...long-term credit will be extended to help farmers plan for the future. I cannot bring about these changes unless the farmers across this nation get behind our candidates, he said. If we are not returned to power this legislation will not receive the benefit of favourable consideration.

In a Canadian Press dispatch, contained in the Winnipeg *Free Press* of May 15, the Minister of Agriculture is quoted as saying that he:

> —recognizes the need of providing farmers with a more flexible system of long-term loans including the possibility of lowering the present 5 per cent interest rate.

I ask the Prime Minister whether there were not enough of his candidates elected to carry out his promises and has the Minister of Agriculture not enough qualified persons to study the matters he wanted to look into?

The farmers of my constituency and all over Canada are waiting for action. The most important question that is being discussed in agricultural circles today is that of financing. The farmer, unlike the industrialist, cannot count on selling shares in order to finance his operations because he cannot pay the dividends. The period for repayment of capital is too long. That is why he must call on the state for assistance. That is what the Liberal party advocated through its distinguished leader during the last election campaign, an up-to-date agricultural credit policy. We realize that it is important to make available to the farmer the necessary capital to enable him to organize his farm well and to obtain the largest possible revenue in order to attain something like the same level of benefits as is enjoyed by the other classes of society.

In addition to the monetary advantage of a well organized system of farm credit, there is the other aspect of maintaining the family farm that is part of our tradition. The family farm, said the deputy minister of agriculture, S. J. Chagnon, in a press conference given to the members of the Canadian association of producers of chemical fertilizers, "assures the solidity and stability of our social and economic institutions, not only in Canada but in all North America. It is this family type of agriculture that is still best suited to a country that treasures its democratic ideals and institutions."

In recent years several agricultural organizations have submitted briefs to the government and they have all requested improvements in our agricultural legislation which, while differing in detail, agree in general principles. Thus, the interprovincial farm union council recommends the creation

of a federal agency which would be responsible to the Department of Agriculture rather than to the Department of Finance. This agency would include a loan department similar to that authorized under the Veterans' Land Act. This is also one of the recommendations of the Canadian federation of agriculture. This would mean that the borrower would have the advice of specialists in agricultural questions until 25 per cent of his debt has been repaid. Only at that time will the inspections cease. Both of these organizations requested lower interest rates. The interprovincial farm union council maintains that the interest rates should be from 3 per cent to 3½ per cent. The Canadian federation of agriculture asks that the rate of interest be reduced to the same level as the government borrowing rate, plus a small margin. But it recognizes that the administration of the loan system should be the responsibility of the government.

Another point on which there is general agreement is on the amount of the maximum loan and the percentage of valuation of property. They agree that the maximum loan should be $20,000 and the Canadian federation of agriculture recommends the percentage of evaluation of 80 per cent for loans up to $8,000, with a gradual reduction to 65 per cent for loans from $16,000 to $20,000. All loans between 70 per cent and 80 per cent should be subject to inspection of government specialists. Those are the general improvements that should be included in this resolution.

The Liberal party has some views on the organization of a modern farm loan policy. I do not intend to speak on these views at length during the discussion of this resolution since I have a motion on the order paper proposing that, in the opinion of this house, the government should give early consideration to the advisability of the establishment of an agriculture and fisheries development bank to consolidate and expand existing credit facilities for persons engaged in these primary industries and to provide sufficient capital to enable farmers and fishermen to make capital improvements. When that resolution comes forward for discussion I will have an opportunity to outline the Liberal party's views on this subject.

I should like to remind the minister that it is more important than ever for him to outline the agricultural policy of the government by which they propose to make it possible for farmers and fishermen to share in the riches of our country in the same manner and to the same extent as other groups in our society. During the last two election campaigns all Conservative candidates bewailed the conditions of the farmers and even went as far in some cases as to sound their "last post". All this great misery, they claimed, was caused by the Liberal administration. Yet we do not see one single Conservative member of parliament, not even from the province of Quebec or the maritimes, insisting on the rights that they promised to defend a few brief months ago.

All that these members have done during this session, and all they will likely do after I have spoken, is to sing the praises of the minister for increasing the capital of the farm loan board from $4 million to $6 million. We intend to vote for this measure because it makes more credit available to the farmers but we feel that it is not the improvement the farmers were led to expect during the election campaign and we hope that the government will bring in legislation to help our farmers and other working classes.

Mr. Nasserden: Mr. Chairman, I am sure that Canadian farmers will welcome the action envisaged in the resolution and will also welcome the improved attitude on the part of the officials of the Canadian farm loan board. As we will have a further opportunity to discuss the details at a later date I will not say anything further in that regard until that time.

Something has been said about farmers going to California, Miami or other places in the winter. I want to tell the house something about that because there are a number of farmers in the prairie grain growing areas who do that. They do so to save money because taking into account the cost of fuel over the winter the amount of money involved will pay their fare there and back and it does not cost any more to live there than it does to live in Canada. Most of the farmers who do that have been at the job for 30, 40 or 50 years. I know one farmer 84 years old who has gone to California on a number of occasions.

The Deputy Chairman: Order. I would ask the hon. member to take his seat while the chairman is standing. I want to remind him, as I said before, that we are not discussing trips to California. We are dealing with the resolution before us increasing the authorized capital of the Canadian farm loan board and I will have to ask the hon. member to confine his remarks strictly to the resolution before us.

Mr. Nasserden: I am very glad to comply, Mr. Chairman, and I am sure that all hon. members will realize that those who do go to California have a good, sound reason for doing so.

Mr. Carter: Mr. Chairman, there are three brief points I should like to make on the resolution. In the first place, I should like

to indicate my support for the measure which will make available an additional $2 million to the Canadian farm loan board for loans to farmers.

Mr. Fleming (Eglinton): No, $40 million.

Mr. Carter: Yes. $2 million additional capital will provide $40 million for loans. In the second place, I should like to ask the minister, if it would not be too inconvenient to do so, to provide the house with information indicating the extent to which Newfoundland farmers have been able to benefit from this legislation. I should like the figure for the last fiscal year and if figures can be provided for previous years that will be so much the better. It is true that Newfoundland is not primarily an agricultural province but we have considerable farm land and there are good possibilities for the development of the farm industry. Hon. members may not realize it but the prices we pay for milk, so essential for the health of children, and other local farm products are perhaps higher than in any other part of Canada. It is necessary to assist the farmers to modernize their farms so that wherever possible the cost of local farm products may be reduced.

In the third place, I should like to ask the minister if it is possible for fishermen to benefit under this legislation. I ask that because there is a sentence on page 4 of the report of the Canadian farm loan board for the year ending March 31, 1957, which reads as follows:

> The amendment also made provision for the winding up of financial arrangements between the board and the Minister of Finance respecting the assets, capital and loans of the board outstanding under the Canadian Fisherman's Loan Act.

I should be grateful if the minister would explain what these arrangements were and what is the present relationship between the Canadian Fisherman's Loan Act and the Canadian Farm Loan Act. If Newfoundland farmers have not availed themselves to any degree of this legislation and if Newfoundland fishermen have not availed themselves of the benefits under the Canadian Fisherman's Loan Act it is not because the need does not exist. There must be some other reason for it and it is quite possible that the reason has to do with the conditions under which these loans are made available. I can understand that this legislation would have been drafted perhaps long before Newfoundland became a province, and it would be drafted with conditions in mind which would not obtain in our province.

However, there is a great need for loans of this type to be made available to both fishermen and farmers, particularly the fishermen of the Atlantic provinces. There is a great similarity between the farming and fishing industries. Both these industries are important to the national economy; both produce primary wealth which provides a basis for secondary industries; both produce food which is essential to the maintenance of human life and for the health and well-being of mankind. These fishermen and farmers wage a continuous struggle with nature and receive a very meagre return for their efforts and for their investment, as well as the long hours of work, the hardships and risks which they undertake. This is particularly true in comparison with the returns from other industries.

In addition, both have to face problems resulting from factors over which they have no control, factors such as wind, storms, drought, hail and in the case of fishermen the scarcity of bait. Of course, marketing conditions apply to both, but perhaps to an even greater degree to fishermen. There is, therefore, a great need for this kind of legislation for the fishermen as well as the farmers. If the Canadian Fishermen's Loan Act has been wound up, then I should like to suggest that the scope of this act be enlarged to include loans to fishermen. Perhaps the provisions might be amended so as to make it easier for both farmers and fishermen to obtain credit under this legislation.

Mr. MacEwan: My remarks on this matter will be very brief. I congratulate the hon. member for Drummond-Arthabaska upon his speech in English. I must say that it will be necessary for me to disappoint him because I am going to say that we greatly appreciate the increase in funds made available through this resolution but there are also one or two other matters which I should like to bring to the attention of the minister, and I hope I shall not be guilty of repetition. I did mention this matter during the debate on the address in reply to the speech from the throne, but I believe it will bear repetition.

The province of Nova Scotia established a royal commission to study agriculture. One of the recommendations of this commission was to the effect that the Canadian Farm Loan Act should be changed. According to the submission of the Nova Scotia federation of agriculture to this royal commission, this act provided more or less for the larger farms and for the farmers in other parts of Canada, but was not framed in such a way as to be of much help in extending credit to young farmers in Nova Scotia. As was stated by this royal commission on agriculture, many loans were obtained from the Nova Scotia land settlement board, many more, I might say, than through the Canadian farm loan board. I would urge the minister that this matter be

looked into with a view to drafting further amendments in order to give young farmers in Nova Scotia and the other maritime provinces a chance to make application for loans under the Canadian Farm Loan Act.

Another matter which was dealt with by the commission was the suggestion that a joint federal-provincial board could be established which would be a combination of the Canadian farm loan board and the Nova Scotia board. Perhaps this suggestion could be borne in mind by the minister so that the proper amendments in that connection could be made. I believe that at the moment we have a very forward looking and very sympathetic federation of agriculture in Nova Scotia.

If I am not straying too far from the subject matter, I should like to point out that arrangements have been made between the federation, private citizens and the province of Nova Scotia to set up an abattoir in the province in order to help our farmers, especially the cattle raisers. I believe this is going ahead.

It is necessary today, because of the type of farming that is conducted, for our younger farmers to have credit available. The number of vacant farms in my own area, and in the maritimes generally, is a most important matter. I do not know too much about the practical aspects of farming because my experience has been limited to helping put in the hay on my grandfather's farm or taking the horses to water. However, I do know something about the Canadian Farm Loan Act and its operations. Another thing which I might submit to the minister is that since farmers are not living near the capital cities of the provinces and it is sometimes difficult for them to obtain information about the Canadian Farm Loan Act, more publicity should be given to the regulations and application forms should be more readily available. The farmer should be informed just what is available under this important legislation.

I believe that is all I have to say on the matter, Mr. Chairman. It is a most important subject in so far as Nova Scotia is concerned, especially having regard to the encouragement of agriculture in that province.

Mr. Peters: I should like to thank the Minister of Finance for having increased by $2 million the amount available under the Canadian Farm Loan Act. However, if the farmers can go to California on the $4 million, I hope that there are more who will be able to go on the $6 million.

Mr. Fleming (Eglinton): If my hon. friend will permit me to interrupt, let me clear up one thing. The amount he is talking about, in the sense of $4 million and $6 million, is the authorized capital of the Canadian farm loan board. This is not its lending capacity. Its lending capacity is measured in terms of 20 times its capital. What we are talking about now is raising the limit on its borrowing or its lending capacity of $80 million, which this measure now proposes should be increased to $120 million.

Mr. Peters: I thank the minister for his statement. I believe that more people will be able to travel now than were able to do with the small amount that was in the act before.

However, I believe the whole matter of farm credit should be given an overhauling. In agricultural areas we have found that the price of operating a farm has increased, just as everything else has. Credit is necessary now, not only to buy farm machinery necessary to operate the farm and the stock, but to take care of the buildings on the property. Many farmers are faced with problems because of the fact they cannot borrow to the limit of the total value of the lands to help them with the expansion that is necessary. As farm organizations have suggested, the amount a farmer can borrow should be increased from 65 per cent of the appraised value of the farm to 80 per cent of the value of his property.

One of the problems that faces the farmer is the knowledge that if he were to expand his operation, if he were to buy the farm next door or a couple of farms close by, if he were to go into a more diversified type of farming where the expenses will be much greater for machinery and for milking facilities, he is faced with a problem of being unable to obtain credit under the present legislation as we have it in effect.

It seems to me that one of the problems we are finding and the reason why so many farmers are leaving is the fact that they are now facing the proposition of borrowing mortgage money from trust companies which are very much opposed to lending the money, particularly in my area where an organization like the Canada Permanent Trust Company will not lend farm mortgage money at all. Where other types of farm credit are no longer available such as bank credit, they are faced with a proposition of either having to borrow the credit at a rate at which it is impossible for them to pay back or to leave the farm and in many cases that is what they are doing. They are leaving the farm every day.

Having regard to this problem of mortgage money in general and particularly mortgage money for those who are just starting in industry and want to increase their holdings and operations, we feel that they are faced with a problem where they should have supervised credit, credit which may even look

to them to be more than they are able to carry but which could be introduced in a much more satisfactory manner than is now taking place.

I think the government should take a close look at the situation with regard to agricultural credit. In order to do this they should examine the situation in the light of the experience the government has had with the Veterans Land Act. Under the Veterans Land Act the situation has been handled a little bit differently from that in which it has been handled in other government boards in so far as they are willing and deem it necessary to supervise credit. I know of cases where the veterans land agents have come to a farmer and said: If you increase your holdings, if you buy the farm across the road, if you go into this type of operation rather than the one you are in, if you will expand your buildings, we will give you this amount of money. They are willing to assist the farmer in a repayment program. They will supervise his purchases. They will supervise the type of crop that he grows. In the majority of cases they are successful. In fact, the record as to the number of failures under this supervised credit that is being extended by this branch of government has been more than satisfactory in the cases that I have known of. I understand that the loss is almost negligible.

While we are in agreement that this legislation is advantageous to the farmers, I personally know of many young farmers today who would go into farming if they were given some supervision in the operation of their farms. This is nothing revolutionary. It is the type of program that the banks have used for many years where they have said: You show us your receipts; we give you the money on a graduated scale and you bring your receipts into us and pay your expenses out of that, and the rest of the money that is left over goes into paying off the loan. In many cases the farmer is faced with the proposition of having on his own to make a decision that he is not too sure is going to be a successful one. I think the government should offer him a much more comprehensive type of supervision than has been offered by the Canadian farm loan board.

We agree with the Canadian federation of agriculture also in the expansion of this credit. We think that 30 years is not long enough. We think that farm stability is such that 40 years would be a satisfactory period of time. Because these loans are so stable and because these loans in the past have had such a high repayment rate and there have been so few cases of inability to pay, we think that the interest rate on agricultural loans must be not more than 3 per cent and possibly, if the matter is under supervision, it could be lower than that.

Also in my own area—and I think this is true in general—while you could start farming on a farm that you could purchase, that would carry an average family; you could purchase that property equipped for $10,000, ten, fifteen or twenty years ago. It is no longer possible to do that. I think many of the members must realize just what proposition is faced by a young farmer if he wants to go on a farm. In my own area on an average farm that will maintain a family, the land will cost $8,000 to $10,000; the buildings will run upwards of $15,000. This includes a home that would be comparable to the homes that they would have if they were living in the city and working in an industry. The machinery to operate a farm in Timiskaming—and I refer to a mixed farm—would cost $5,000. To operate that farm in order to return to the family a standard of living to which they should be entitled, the stock will cost another $10,000. Hence we have an outlay of $45,000.

I think that even a limit of $20,000 for a mortgage is an unreasonable amount of money because in Timiskaming if you bought a farm for $20,000, equipped and ready to operate, the contracts that you would have even in the milk producing industry would not be sufficient to pay for that farm in 30 years and keep the family. It is all right if the wife is going to run it and the man is going to go out and work. But I do not think that is the method of agriculture that the minister contemplates when he suggests raising these loans.

So that while we are in agreement and appreciate on behalf of the farmers in Ontario these increases in the capitalization of the Canadian farm loan board, we think that a great deal of consideration in committee must be given to a much more satisfactory way of supervising credit than we are going to be extending to agricultural people and the agricultural communities of Canada.

Mr. Herridge: As a member who loves hogs, Mr. Chairman, and as one who has raised a good many of them and who represents a large number of small farmers and fruit growers may I say that to date I have never seen any of them down south of the line on winter holidays. They do not go to Florida or California. However, I am under the impression that the member from the prairie constituency who mentioned that matter represented a small minority of prairie farmers with possibly large acreages and under very favourable conditions. I do not think for a moment those are typical conditions. In any event, I just rose to express

my support of the proposals put forward by previous speakers in this group with respect to the limitations of the present Canada Farm Loan Act, and the possibility for the improvement of this legislation. However, in order to facilitate the passage of this bill this afternoon so that it can be referred to the committee on agriculture for study and recommendations, I am going to leave my further remarks on this legislation to an appropriate time during a later debate.

Mr. McIntosh: I should like to ask the minister a question. I wonder whether he could elaborate on the method of the proposal and up to what percentage is money lent on loans? I understand that the appraisal value is different in different districts. For the information of the members of the house I think I should say a few words on this trip to California. I would suggest that no more farmers take trips to California than those from any other industry in Canada and maybe not as many.

Resolution reported and concurred in.

Mr. Fleming (Eglinton) thereupon moved for leave to introduce Bill No. C-38, to amend the Canadian Farm Loan Act.

Motion agreed to and bill read the first time.

Mr. Deputy Speaker: When shall the bill be read a second time?

Mr. Fleming (Eglinton): Now, by leave. I move the second reading of the bill.

Motion agreed to, bill read the second time and referred to the standing committee on agriculture and colonization.

ESTATE TAX ACT

NEW BASIS FOR ASSESSMENT OF SUCCESSION DUTIES

Hon. Donald M. Fleming (Minister of Finance) moved the second reading of Bill No. C-37, respecting the taxation of estates.

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, I made some remarks on the resolution stage concerning the new principles involved in the taxation of estates, and I do not propose to repeat them on this occasion.

I realize that the bill will be given very careful study by the banking and commerce committee. It is a very long bill—almost 50 pages—and it only came into our hands yesterday. Hon. members will also be aware that the minister tabled a return to the house giving us copies of the briefs which were submitted from national organizations concerning this bill in response to the invitation that he made when he introduced an initial bill last session—Bill No. 248 of the 1957-58 session.

I regret to find that many of the administrative features which I felt were somewhat exorbitant so far as administrative powers are concerned continue in the new bill. I notice that this aspect has received criticism in a number of the briefs which have been presented to the minister. I have no doubt that members of the banking and commerce committee will hear from many of these national associations, and I hope that some of these more exorbitant administrative and collection powers will be somewhat reduced as a result of the discussions.

Mr. F. C. Stinson (York Centre): Mr. Speaker, in rising to participate for just a few moments in this debate, may I offer to the Minister of Finance (Mr. Fleming) my congratulations on the introduction of this bill which, as the hon. member for Kenora-Rainy River (Mr. Benidickson) and the minister himself have pointed out, introduces a new principle of taxation with respect to taxation of estates, that is, the principle of taxing the aggregate estate instead of levying taxation on the interests taken by successors.

While I am speaking of the Minister of Finance, may I also say a word of congratulation to him on the excellent work he has done both in respect to the recent budget presentation and in respect of the addresses he has recently made in this house and elsewhere with respect to the borrowings to be carried out by the government over the next few months.

It is proposed that this bill should go to the banking and commerce committee for detailed consideration, and I do not propose at this stage to make comments which might be more appropriately made in that committee. However, I think I should say, as I indicated earlier, that a new basis for taxation is proposed in this bill, a basis on which the tax levied relates to the size of the estate without reference to the relationship of the beneficiary to the deceased or the size of a gift made to a beneficiary. However, the previous concessions made under the present act to close relatives have been preserved by increasing the exemptions in favour of such relatives.

It seems to me that the administration of the proposed statute will be much simpler than the administration of the act which it will probably replace, and with this greater simplicity it is likely to be less costly to administer.

Another advantage would appear to be that it should be much easier under this legislation than under the previous act to calculate within a reasonable length of time after the death of the deceased the precise tax to be paid in respect of the estate. For instance, under the present legislation, if a man dies leaving a life interest in his estate to his widow, with the executor having power to encroach on the capital for the benefit of the widow during her lifetime and the remainder of the estate to be divided among the children, it is most difficult for the revenue authorities to establish precisely, at an early date after the death of the deceased, what the tax should be with respect to the life interest to be enjoyed by the widow, having regard to the fact that it is extremely difficult to calculate to what extent the executor may encroach on the capital of the estate for the widow's benefit. Then, of course, another difficulty arises in that one cannot calculate with any certainty in a case such as I have described the size of the interest to be taken by the children.

Under the proposed estate tax it will be possible within a very short time after the passing of the deceased to determine the tax which is payable, and advantages will accrue to the Department of National Revenue, to the executors and trustees charged with the administration of the estate and, of course, most important of all, to those people who will be liable to pay the tax.

I do not think it would be proper to go into the clauses of this proposed statute in detail at this time but perhaps one or two further comments would be appropriate. It would seem to me that under the old Succession Duty Act the proceeds of policies of life insurance were subject to tax only in proportion to the premiums paid by the deceased or his personal corporation. In the new legislation this concept of contribution has been eliminated and I believe there will be advantages gained as a result of that change. No longer will it be necessary, as I understand it, for exhaustive searches to be made into the files and financial records of individual taxpayers with a view to ascertaining where in fact the money came from which was used for the purchase of life insurance on the life of a deceased person. There are also substantial differences between those sections of this statute having to do with joint interests and the sections of the present Succession Duty Act which tax such an interest in a joint holding of a person on his death.

In my view this legislation is progressive. As I said earlier in my remarks, it will make for administrative simplicity. It will be a less difficult statute to administer. The problems of executors and trustees in the matter of the settlement of death duties will be diminished and I believe we can look forward to other advantages also when this bill is finally approved by parliament.

Mr. Alan Macnaughton (Mount Royal): Mr. Speaker, the other day I had the advantage of making a few remarks on this subject and I will try not to make these subsequent remarks too long. There is no doubt in my mind that the basic simplicity of this bill is a recommendation of sorts and I understand that many of its provisions are similar to those provisions which we find in the internal revenue code of the United States. The proposed act, of course, taxes the net value of the estate after certain exemptions have been applied but it seems to me that these exemptions in Canada under the proposed act are vastly different from the exemptions which are allowed in the United States under the internal revenue code.

Because of this and for other reasons I find the present bill disappointing. For example, it does not recognize the husband and wife partnership in the building up of an estate nor are the exemptions which are allowed under the proposed act sufficiently large in extent. It is true that the smaller the estate, the greater the exemption, and that is only right; but in so far as the exemptions on larger estates are concerned they are almost negligible. To my way of thinking there are certain sections of this act which should be amended and perhaps they will be when we discuss the bill later on.

If I am right in my reference, I referred the other day to part I, section (b), paragraph 4 referring to certain other property and mentioned the fact that where a person—

Mr. Fleming (Eglinton): Mr. Speaker, if I may interrupt the hon. member, I would rise on a point of order. I think it is not proper and it has been ruled many times that in a debate on second reading of a bill one must not refer to particular provisions, sections or clauses of the bill. The debate on second reading is confined under the rules of the house to a discussion of the principle of the bill and any reference to provisions, sections or clauses of the bill is out of order. I am sorry to interrupt my hon. friend because he said he was going to be brief but I think the point must be adhered to on the part of all hon. members.

Mr. Macnaughton: I was about to refer to the tax on insurance that a controlled company might pay but that can be discussed later.

There is one suggestion I should like to make to the minister at this time under the section relating to appeals. Under this

bill appeals are referred to the income tax appeal board. It seems to me that a great majority of the cases under the proposed act will be estate tax cases, of course, requiring to a large degree the use of experts on a question of valuation of the estate. I suggest to the minister that the income tax appeal board may be swamped with a tremendous number of cases and that he should consider the setting up of a separate estate tax appeal board for the hearing of these estate tax cases. If we do not do that the present income tax appeal board may be simply swamped with hearings and we will incur long delays. That is all I have to say at the present time.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, this very interesting—and I am sure all hon. members will agree somewhat complicated—measure now before the house for second reading is one that requires considerable study. We in this group were very pleased when the Minister of Finance (Mr. Fleming) during the last parliament brought the bill forward for first reading in order that people throughout the country could give it that study. It is not a problem that could be studied satisfactorily in a short time. Without a doubt this bill is one of those that should go to a committee in order that the committee can hear representations, study the measure in the light of those representations and report to this house.

There is an extremely interesting feature to this bill. Although it is one of those dry as dust matters that are related to finance —a subject on which I am most incompetent to speak beyond the necessity of totalling up figures to about 500 and things of that sort—there has been a great deal of interest taken in it by women's organizations throughout the country. I am sure all hon. members have received representations from various national women's groups. I have received representations even from small women's institutes, women's clubs and local organizations. They have not simply forwarded to me a draft made by the national organization of which they are a part but have given some local flavour to their representations as a result of their experience and so on.

Before taking my seat I want to mention one of the excellent briefs which I received and which I understand has been forwarded to the Minister of Finance. I refer to the brief prepared by the Canadian committee on the status of women whose chairman is Mrs. G. D. Finlayson of Ottawa. I have read this through several times and I feel it reveals a careful analysis of the problems connected with this bill from their point of view. Looking back not many years I think it is interesting to note that this house seldom received representations from national women's organizations and received particularly few with respect to measures of this type. I think it does indicate that the women of Canada are beginning to take a greater interest in the governing of this country and in the legislation that comes before this house and its affect on Canadians and particularly on women themselves.

As usual, Mr. Speaker, I am quite brief and that is all I am going to say at this time.

Motion agreed to, bill read the second time and referred to the standing committee on banking and commerce.

INCOME TAX

AGREEMENT BETWEEN CANADA AND BELGIUM FOR THE AVOIDANCE OF DOUBLE TAXATION

Hon. Donald M. Fleming (Minister of Finance) moved the second reading of Bill No. C-28, to implement a convention between Canada and Belgium for the avoidance of double taxation with respect to income tax.

Mr. Macnaughton: Does the minister intend to make a statement?

Mr. Fleming (Eglinton): I do not think an extended statement is required. As my hon. friend knows, the bill is in the same form and the convention which it supports to ratify is in the same form as many which have been before the house in recent years. The purpose of the bill is to implement a convention between Canada and Belgium for the avoidance of double taxation with respect to income tax, and the establishment of rules for reciprocal fiscal assistance in the matter of income taxes.

The agreement or convention follows the pattern established in recent income tax agreements which Canada has made with the United States, the United Kingdom, Sweden, New Zealand, Ireland, Denmark, France, the Federal Republic of Germany, South Africa, the Netherlands and Australia.

Double taxation is avoided chiefly by a reciprocal system of tax credits in which the country of residence gives credit for the taxes imposed by the country where the income has its source.

The agreement contains the usual provisions limiting the taxing of trading profits to the permanent establishment rule. In addition, there are some specific provisions which are like those which have appeared in the other agreements to which I have made reference.

Mr. Alan Macnaughton (Mount Royal): Mr. Speaker, I am sure that any agreement which will help us avoid double taxation will

certainly receive sympathetic consideration from this side of the house. I wonder whether at this stage the minister will tell us, either now or later, why the subject of succession duties was not included in this general bill. It has been included in previous bills in the past, as the minister well knows, and it seems to have been left out of this particular bill.

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

On clause 1—*Short title.*

Mr. Fleming (Eglinton): Perhaps I can endeavour now to answer the question of the hon. member for Mount Royal. With respect, I do not think it is relevant to the present measure, but I might give my hon. friend what information I have. I think he will recall that in most cases where succession duty has been dealt with it has been dealt with in a separate convention from that relating to income tax. In the present case my information is that when the negotiations were embarked upon first in 1955, the indication on the part of the representatives of Belgium was that they wished to negotiate a convention in respect of income tax.

Mr. Macnaughton: Can the minister tell us also if the list of taxes which are mentioned here is comparable as between those taxes in Canada and those taxes in Belgium? Is the basis more or less similar?

Mr. Fleming (Eglinton): The basis of what?

Mr. Macnaughton: Is it a comparable list of taxes?

Mr. Fleming (Eglinton): Yes, they were considered comparable by those who were negotiating and those who had responsibility for instructing the negotiators. There is no precise identification in almost all of these cases between the taxes of the one country and the taxes of the other. Different countries do not always have exactly the same type of taxes with respect to income, but for this purpose it was considered that the taxes on the one hand with respect to Canada and the taxes on the other hand with respect to Belgium are comparable taxes in the income tax field.

Clause agreed to.

On clause 2—*Convention approved.*

Mr. Macnaughton: May I suggest to the minister that we revert to the schedule now because clause 2, as the minister well knows, carries approval of the schedule. That has been the custom followed in previous years at the request of the Minister of Finance.

[Mr. Macnaughton.]

Mr. Fleming (Eglinton): May I ask my friend whether he has questions about the schedule?

Mr. Macnaughton: Yes.

The Chairman: Shall we revert to the schedule?

Some hon. Members: Agreed.

On the schedule.

Mr. Macnaughton: Will the minister tell us why he has particularly mentioned "including surtaxes and the old age security tax on income"? Would he also refer to article 1, section (b) which mentions tax on real property. I understand that real property tax in Canada is provincial. I should like to know what he means by the word "surtaxes" in referring to Canada and why old age security tax on income was included?

Mr. Fleming (Eglinton): We have surtaxes in the sense of the surtax on investment income; in other words, a tax in addition to the ordinary income tax. As to 1(b), this happens to be the type of income tax that has been applied in Belgium.

Mr. Macnaughton: Referring to article 1, paragraph 2, are there any other taxes of a substantially similar character? Will these words now cover the national contributory scheme to national health or even, as the Prime Minister mentioned some time ago, the national contributory retirement plan scheme? If we bring these schemes into force would they be included under the heading, "any other taxes of a substantially similar character"?

Mr. Fleming (Eglinton): This provision is one which has appeared in a number of those agreements. It is by no means a new provision. I think my hon. friend, as all other hon. members, will realize that while one is glad to answer questions as he may be able to with respect to the convention, the convention itself does not admit of amendment. We are dealing with a bill which includes five clauses, one of which provides for ratification of the agreement as it stands.

My friend has, with respect to this clause which is quite standard in form, asked a specific question which I think is somewhat hypothetical at this moment. Therefore I would not wish to be invited to attempt a positive answer to a question which is largely hypothetical. At the moment I do not see how the imposition of a premium with respect to a form of hospital insurance would be regarded as an income tax but I would not wish to say that in no case could such an impost be an income tax. It will depend entirely upon the form, I should think, in which the impost is levied.

The Chairman: Shall the schedule carry?

Mr. Macnaughton: There are a few more short questions. With respect to article III of the schedule. In the tax agreement with Ireland only the word "profits" was used. In the agreement with Denmark the words "industrial profits and commercial profits" were used. I presume the word "profits" is wide enough to cover investment profits too.

Mr. Fleming (Eglinton): The provision the article makes that Belgian enterprises will be taxed in Canada only with respect to industrial or commercial profits applies to the extent that they are attributable to their permanent establishment in Canada. I may say that the same rule applies reciprocally with respect to the industrial and commercial profits of Canadian enterprises in Belgium.

This point was raised with regard to another of these international conventions a couple of years ago and the answer which I was given at the time and which I take to be correct now was that the expression "industrial or commercial profits" is wide enough to include profits from investment if they are yielded in the course of the ordinary commercial activities of the company.

Mr. Macnaughton: Under article VI I believe that the rate of tax on a Belgian receiving dividends, etc. from Canada is 15 per cent. If you look at article VI, paragraph 3, it speaks of the Belgian tax on royalties. Can the minister give us any indication as to what the rate of tax is?

Mr. Fleming (Eglinton): The rate of tax to which Belgium binds itself in paragraph 3 of this article is 18 per cent of the net royalties which will in most cases be less than the 15 per cent of the gross royalties imposed under our law.

Mr. Macnaughton: In article IX, paragraph 2 (b) the sum of $3,000 is mentioned. I notice that is a reduction from the amount of $5,000 in the agreements we have with Germany and Ireland. Is there any reason for the reduction from $5,000 to $3,000?

Mr. Fleming (Eglinton): My understanding is that was the amount that both parties desired.

Mr. Macnaughton: With regard to paragraph 4 of the same article, I understand that an artist or athlete performing in Belgium pays no tax if he is there on a temporary basis.

Mr. Fleming (Eglinton): Is my hon. friend speaking about the Belgian tax?

Mr. Macnaughton: Yes.

Mr. Fleming (Eglinton): I would not wish to speak positively on that point.

Mr. Macnaughton: With regard to article XVII I note that when the minister was on this side of the house he had certain objections to the provision that the two contracting states may prescribe regulations. He wanted the regulations spelled out. Has he now changed his mind?

Mr. Fleming (Eglinton): I am afraid that the minister has been obliged to accept a practice that has become largely standardized and has been approved by parliament before. The minister, being always obedient and respectful towards parliament, has accepted the practice that parliament has well established now.

Mr. Macnaughton: Article XIV speaks of the exchange of information between the contracting states. Would the minister care to give a short explanation of that? It seems to me that we should limit it to a certain degree.

Mr. Fleming (Eglinton): Quite so. Article XIV provides that the exchange of information is restricted to that which is necessary for the carrying out of the convention or for the prevention of fraud or avoidance of taxation. No information is to be exchanged which will disclose any trade secrets or trade process or which is deemed to be against public policy.

Mr. Macnaughton: The words "professional secret" are used in the same article. What would that refer to?

Mr. Fleming (Eglinton): I think my friend and I would have no difficulty in determining what are professional secrets with respect to professions. There are so many things that are professional secrets.

Mr. Macnaughton: I understand that this would not necessarily refer to legal professional secrets but in effect to trade secrets.

Mr. Fleming (Eglinton): In the explanation I gave I said that the information to be exchanged would not include trade secrets or trade processes.

Mr. Macnaughton: With regard to article XX, if the instruments of ratification are exchanged this year will deductions at the source start on January 1 next year and in the case of any other taxes will they begin as soon as the agreement comes into force?

Mr. Fleming (Eglinton): That would be my understanding.

Schedule agreed to.

Clauses 2 to 5 inclusive agreed to.

Title agreed to.

Bill reported.

Mr. Deputy Speaker: When shall the said bill be read the third time?

Mr. Fleming (Eglinton): Now, by leave.

Some hon. Members: Agreed.

Mr. Fleming (Eglinton) moved the third reading of the bill.

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

AGREEMENT BETWEEN CANADA AND BELGIUM FOR THE AVOIDANCE OF DOUBLE TAXATION IN BELGIAN CONGO AND RUANDA-URUNDI

Hon. Donald M. Fleming (Minister of Finance) moved the second reading of Bill No. C-29, to implement a convention between Canada and Belgium for the purpose of extending to the Belgian Congo and the territory of Ruanda-Urundi under trusteeship the convention between Canada and Belgium for the avoidance of double taxation with respect to income taxes.

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

On clause 1—*Short title.*

Mr. Macnaughton: Would the minister care to make any further statement on this measure?

Mr. Fleming (Eglinton): I said, Mr. Chairman, that I thought any remarks which might be required on the other measure would be very short, and certainly any statement on this one should be very much shorter. This is a bill in the same form, and simply provides for the ratification of a convention that was signed at the same time as the one just now approved by the house. It applies to the Belgian Congo and to the Belgian trustee territory of Ruanda-Urundi, the provisions of a similar convention.

Indeed, the convention which is a schedule to the present bill is based upon the schedule of the former bill consisting of the convention between Canada and Belgium. This separate convention is required because the Belgian constitution requires a separate agreement with respect to these territories rather than an extension by means of an exchange of notes. As hon. members who have read the bill will realize, the schedule simply follows the form of the schedule in the former bill, namely the agreement with Belgium, and makes certain changes in some of the articles in order to provide specifically for the Belgian Congo and the trustee territory of Ruanda-Urundi.

[Mr. Fleming (Eglinton).]

Mr. Macnaughton: May I suggest that we consider the schedule and then revert to clause 2?

Clause 1 agreed to.

The Chairman: Is it agreed that we now consider the schedule?

Some hon. Members: Agreed.

On the schedule.

Mr. Macnaughton: In the schedule, article 1, paragraph 2, there is a slight variation in the wording from the previous bill. It says:

The present convention shall also apply to any other tax of a substantially analogous nature—

Is there anything to be read into the difference in wording between the two bills?

Mr. Fleming (Eglinton): Not that I am aware of, Mr. Chairman. Article 1 in this bill contains a definition of the taxes to which the convention applies. As my hon. friend has said, it makes provision that it shall also apply to any other tax of a substantially analogous nature which may be imposed in the Belgian Congo and Ruanda-Urundi or in Canada after the signing of the convention.

The article then contains a specific reference to the taxes to which the extended convention applies. In Canada it applies to income taxes, including surtaxes and the old age security tax on income. In the Belgian Congo and Ruanda-Urundi the convention applies to the tax on rental income, the movable capital tax, the professional tax, the complementary tax on profits realized by companies and other taxpayers, which are now imposed by the Belgian Congo and Ruanda-Urundi and are in the nature of income taxes.

The article also states that the extended convention will apply to any substantially analogous tax which may be imposed by either government during the time the convention is in force. I may say that the act of June 21, 1927, referred to in paragraph (b) of article I, deals with an act passed which affected corporations that have their head offices in Belgium and carry on their operations in the Belgian Congo. They are subject to special tax provisions.

I cannot, at the moment, refer to any existing tax which might offer a test of the meaning of the words "substantially analogous". Obviously, the intention of the parties in writing that provision into this act was to leave open the possibility that either of the parties by their lawfully constituted authorities might impose additional taxes which would be analogous or similar in nature to the existing taxes specifically embraced in the definition in article I.

Mr. Macnaughton: Would the minister explain the second sentence in article XIII which reads:

The amount to be deducted may not exceed that portion of the Canadian tax which corresponds to the proportion between the income of Congolese origin subject to the Congolese tax and the total income subject to the Canadian tax.

Could he tell us what the tax is today?

Mr. Fleming (Eglinton): The clause to which my friend is referring is the second part of the paragraph, and is actually paragraph 2 of article XIII?

Mr. Macnaughton: That is right, yes.

Mr. Fleming (Eglinton): I think the meaning here is clear, Mr. Chairman. Article XIII takes us back to the other convention, the convention between Canada and Belgium, because article XIII applies in the case of the second convention, except so far as it is expressly varied by the terms of the convention between Canada on the one hand and the Congo and Ruanda-Urundi on the other. We have to have reference here to the first clause in article XIII of the main convention, and that is quite an extended clause because it has parts (a), (b) and (c) to it.

In the main convention with Belgium, we have a provision in the second clause which reads as follows:

Except in the case of a non-resident-owned investment corporation, Canada shall deduct from the Canadian tax on income from sources situated in Belgium the amount of Belgian tax payable on such income. The amount to be deducted may not exceed that portion of the Canadian tax which corresponds to the proportion between the income of Belgian origin subject to Belgian tax and the total income subject to Canadian tax.

In place of that, this second convention provides as follows:

Except in the case of a non-resident-owned investment corporation, Canada shall deduct from the Canadian tax on income derived from sources situated in the Belgian Congo or Ruanda-Urundi the amount of Congolese tax payable on such income. The amount to be deducted may not exceed that portion of the Canadian tax which corresponds to the proportion between the income of Congolese origin subject to the Congolese tax and the total income subject to the Canadian tax.

We have approved the convention with Belgium which contains the clause I have read. The only difference between this clause and the clause in the main convention is that this, when referring to the tax from the country opposite to Canada, has reference to the income derived from sources in the Congo or Ruanda-Urundi and the tax referred to is always the Congolese tax. The clause about which my friend is asking obviously has the same meaning as in the main convention just approved, but the reference here to the tax is to the Congolese tax rather than the Belgian tax. There is no difference in principle or substance.

Mr. Macnaughton: In article XX it says:

This convention shall also be terminated outright should the convention referred to in the preamble between Canada and Belgium be terminated.

What would happen to the treaty in case the territory of Ruanda-Urundi becomes independent?

Mr. Fleming (Eglinton): It would depend entirely on the terms and on the nature of the change of status of the Congo or the territory. I do not believe one can anticipate every situation that might arise in that respect. If, for instance, the change that took place were to take the form of the incorporation of the Belgian Congo into the metropolitan territory of the kingdom of Belgium, then the convention applicable to the kingdom of Belgium would also apply in due course to any further territories that would be included within the metropolitan territory of the kingdom of Belgium.

But again that must yield to the terms of the legislation under which that transition in status would take place. In the convention there is provision for extension by understanding of the parties by exchange of notes in that behalf. If a major change of that kind occurred, in order to remove any doubts and to clarify the situation I should think it is likely that resort would be had to an exchange of notes covering the point.

Schedule agreed to.

Clauses 2 to 5 inclusive agreed to.

Title agreed to.

Bill reported.

Mr. Deputy Speaker: When shall the said bill be read a third time?

Mr. Fleming (Eglinton): Now, by leave.

Mr. Deputy Speaker: Now, by leave?

Some hon. Members: Agreed.

Mr. Fleming (Eglinton) moved the third reading of the bill.

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

PRAIRIE GRAIN ADVANCE PAYMENTS ACT

AMENDMENTS RESPECTING DELIVERY OF SEED GRAIN, MALTING BARLEY, ETC.

Hon. Gordon Churchill (Minister of Trade and Commerce) moved the second reading of Bill No. C-31, to amend the Prairie Grain Advance Payments Act.

He said: Mr. Speaker, Bill No. C-31 is introduced at this time to make certain amendments to the Prairie Grain Advance

Payments Act which appear necessary in the light of the experience gained during the last eight months.

In general the act has worked very well. Its purpose has been to provide for prairie farmers a cash advance on grain which, for reasons beyond the farmers' control, could not be delivered immediately to the elevators.

During the eight months in which the act has been in operation its value has been clearly demonstrated. Under this legislation 50,411 producers have secured cash advances. The total sum advanced is $35,203,217. As of July 11, producers have refunded $32,094,438 or 91.1 per cent of the money advanced. By provinces the figures are as follows. For Manitoba, 11,724 producers made application for loans; total amount advanced, $7,112,441, of which they have refunded $6,655,993 or 93.5 per cent. For Saskatchewan 28,792 producers made application for loans, total amount advanced, $21,822,114; paid back, $20,156,022 or 92.3 per cent. For Alberta, 9,895 producers made application for loans; total amount advanced $6,268,662; total amount refunded $5,282,423 or 84.2 per cent. As deliveries of grain continue during July the outstanding amount will be still further reduced and by July 31 it may be that all the advance will have been repaid.

That possibility has come about owing to increased exports and therefore increased marketings from the farms. Marketings are reflected in the quota position which is as follows: For Ontario there are two stations to which grain may be delivered; one is on the 7-bushel quota and one is closed. For Manitoba there are 376 stations; 202 are on the 7-bushel quota, 173 on the 6-bushel quota and one closed. In Saskatchewan, 1,101 stations; 277 on the 7-bushel quota, 774 on the 6-bushel quota, 42 on the 5-bushel quota and 8 closed. For Alberta, there are 588 stations; 179 on the 7-bushel quota, 383 on the 6-bushel quota, 4 on the 5-bushel quota and 22 closed. For British Columbia there are four stations which are on the 6-bushel quota. For all provinces there are 2,071 stations; 659 are on the 7-bushel quota, 1,334 on the 6-bushel quota, 46 on the 5-bushel quota and 32 closed. By July 31, the end of the crop year, there will be very few farms not on the 6-bushel delivery quota and more will be on the 7-bushel quota.

Mr. Argue: Mr. Speaker, I wonder whether I might ask the minister a question at that point. Does the minister feel that any other type of policy adopted by the government might have resulted in an equalization of quotas rather than some points at the end of the crop year being on a higher quota than others? I appreciate the good deliveries that are being made. This is not a criticism of the deliveries or the movement of grain.

Mr. Churchill: No. The matter was considered. Once you advance to a 7-bushel quota, then this question of equalization comes into the picture. But under the circumstances we thought that it would be wise to extend the quota position in order that those who could do so might benefit from it, particularly in view of the fact that the disparity is not very great. The number of stations still on the 5-bushel quota is only 46. Within the next few days they will either be on the 6-bushel or 7-bushel quota right across the prairies.

I have a few more statements to make, Mr. Speaker, which would take several minutes. Perhaps I should now move the adjournment of the debate.

Mr. Chevrier: Six o'clock.

On motion of Mr. Churchill the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I ask the government leader what the business is for tomorrow? Perhaps he would also tell the house what we will do on Friday and Saturday.

Mr. Green: Tomorrow we shall take estimates of the Department of Trade and Commerce, followed by estimates of the Department of Agriculture.

Mr. Chevrier: May I ask what we will do on Friday and Saturday?

Mr. Green: I hardly expect to get both those departments through tomorrow, Mr. Speaker. However, during the evening I will think of something else to keep us busy on Friday and Saturday.

Mr. Chevrier: You have a good deal of legislation there that you might get through.

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

ANSWERS TO QUESTIONS

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

ORDERS IN COUNCIL PASSED

Question No. 74—**Mr. Fisher:**

1. How many orders in council were passed from the 1st of July, 1956 to the 1st of July, 1957; and from the 1st of July, 1957 to the 1st of June, 1958?

2. Are any of the orders in council passed from July 1, 1957 to June 1, 1958 secret?

3. Do any of them vary, alter, suspend or abrogate any existing legislation?

Answer by: **Right Hon. J. G. Diefenbaker (Prime Minister):**

1. Orders of the governor in council passed from 1st of July 1956 to 1st of July, 1957 totalled 3,758 of which 1,912 were minutes of the treasury board approved by the governor in council; and from the 1st of July, 1957 to the 1st of June, 1958 totalled 3,165 of which 1,559 were minutes of the treasury board approved by the governor in council.

2. No, they are not secret.

3. Only when under certain legislation passed by parliament provision is made therefor in the statutes.

CANADIAN AND U.S. RAILWAYS—BOX CAR DISTRIBUTION

Question No. 95—**Mr. Chevrier:**

1. How many box cars belonging to (a) the Canadian National Railways; (b) the Canadian Pacific Railway, were in the United States on (i) July 31, 1957; (ii) August 31, 1957; (iii) September 30, 1957; (iv) October 31, 1957; (v) November 30, 1957; (vi) December 31, 1957?

2. How many box cars belonging to United States railways were in Canada on the above dates?

Answer by: **Hon. George H. Hees (Minister of Transport):**

The following statistics have been prepared from the summary of freight car locations received in the Department of Transport from the Railway Association of Canada:

1. (a) (i) 10,633; (ii) 11,550; (iii) 11,058; (iv) 10,188; (v) 9,888; (vi) 8,602.

(b) (i) 9,012; (ii) 9,781; (iii) 9,990; (iv) 9,800; (v) 9,315; (vi) 8,010.

2. (i) 6,599; (ii) 7,221; (iii) 6,653; (iv) 6,658; (v) 6,332; (vi) 5,556.

The answer to part 2 does not include box cars belonging to United States railways on other than Canadian National Railways and Canadian Pacific Railway lines in Canada.

LOANS TO FISHERMEN, NORTHUMBERLAND COUNTY, N.B.

Question No. 155—**Mr. McWilliam:**

1. How many loans, and in what amount, were granted to fishermen of Northumberland county, (Miramichi) New Brunswick, under the fishermen's improvement loan act, each year, since this act became operative?

2. Of these loans, how many were granted by chartered banks and how many by credit unions or co-operative societies?

Answer by: **Hon. Donald M. Fleming (Minister of Finance):**

1. None.

2. Answered by No. 1.

HOUSE OF COMMONS

Thursday, July 17, 1958

The house met at 2.30 p.m.

COMMITTEES OF THE HOUSE

Second report of standing committee on railways, canals and telegraph lines.—Mr. Fraser.

Third report of standing committee on mines, forests and waters.—Mr. Murphy.

INCOME TAX ACT

Hon. Donald M. Fleming (Minister of Finance) moved for leave to introduce Bill No. C-39, to amend the Income Tax Act.

Motion agreed to and bill read the first time.

EMERGENCY GOLD MINING ASSISTANCE ACT

AMENDMENTS TO EXTEND APPLICATION AND INCREASE AMOUNT

Hon. Paul Comtois (Minister of Mines and Technical Surveys) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

That it is expedient to introduce a measure to amend the Emergency Gold Mining Assistance Act to extend its application to the years 1959 and 1960 and to provide for a 25 per cent increase in the amount of assistance for the years 1958, 1959 and 1960.

Motion agreed to.

EXTERNAL AFFAIRS

MIDDLE EAST—REQUEST FOR STATEMENT ON LATEST DEVELOPMENTS

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask the Prime Minister whether he is in a position to make a statement on the new and serious developments of the last 24 hours in and around the Middle East, and whether in view of those developments the government will give strong support at the United Nations, as a matter of extreme urgency, to the immediate formation and dispatch to Lebanon and Jordan of an emergency police force to help preserve order, stability and independence in those territories. This, Mr. Speaker, is the declared purpose of the United Kingdom and United States forces which have been sent to these countries until, so their governments state, a United Nations force is able to take over these peace and freedom-preserving functions.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I think the proper way to answer that question might be to outline in general what has taken place and then in my concluding words make particular reference to the question asked by the Leader of the Opposition.

Hon. members already will be aware of the further grave turn of events in the Middle East which has led to the dispatch of United Kingdom airborne forces to that area "to protect the government of Jordan from a military coup", to quote the words used today by the Prime Minister of the United Kingdom in the British House of Commons. I was notified in the early hours of this morning of the United Kingdom government's decision to take this step and will, of course, remain in constant and continuing touch with that government in regard to events as they occur.

The Prime Minister of the United Kingdom told the House of Commons that the decision to air-lift forces to Jordan had been made in response to an urgent appeal which King Hussein had addressed to both the United States and the United Kingdom for military assistance to forestall a plot to overthrow by force the legitimate government of Jordan. The conspiracy against the king, he said, was external in origin and threatened the independence and territorial integrity of Jordan. The United Kingdom government, fully conscious of the gravity of the decision they were taking, concluded that if law and order were not to collapse entirely throughout the Middle East the appeal of Jordan's king had to be met and the position held until the United Nations could devise some alternative system of security for that area. I am sure that members of the house will fully appreciate that in the circumstances the United Kingdom government had no alternative but to act as it has done, and in that connection it had the full support of the United States government.

With respect to the question asked by the hon. gentleman, I have been assured that the security council will be informed at the earliest opportunity of the interim steps the United Kingdom has found itself obliged to take in the interests of Middle East stability, and that the United Kingdom troops will

remain only until the security council has itself taken the measures necessary to maintain peace and security in the area.

It is clear, therefore, that in responding to the appeal of King Hussein the United Kingdom has acted, as did the United States government a few days ago in respect of Lebanon, with due regard to the ultimate authority and responsibility of the United Nations. Mr. Macmillan said:

> We are making it clear that if arrangements can be made by the security council to protect the lawful government of Jordan from external threat, the action which we have taken will be brought to an end.

This question will doubtless come before the security council later today. As in the case of the discussions on Lebanon, the Canadian representative to the United Nations is being instructed to consult urgently with the United States and United Kingdom representatives and other members of the security council with the object of devising some formula for United Nations action which will achieve stability in the Middle East, which objective the United States and United Kingdom are seeking to uphold. On being notified of the action the United Kingdom government had taken I gave an assurance of Canada's support in the security council for any resolution which would meet those United Nations aspects which, from the outset, have been an important element in the United Kingdom decision to intervene in Jordan.

With respect to the question as to the urgency of action to be taken on the part of the United Nations to send a force to that area, the stand taken by the government will be that every encouragement and assistance to the council to arrive at a favourable decision in this regard will be advanced by our representative at the United Nations council. Of course, as the Leader of the Opposition knows, there are difficulties in the way. It is not quite as simple as it would appear on its face. There is the possibility, if not the probability, of a veto in the security council. Then when the matter is turned over to the United Nations assembly the decision on the question will depend on whether or not a two-thirds majority can be secured in support of a United Nations force or other direct action being taken by the United Nations.

I might add that the Secretary of State for External Affairs is now on his way to Washington, there to consult with the foreign secretary of the United Kingdom and the Secretary of State of the United States. On Saturday, he will proceed to the United Nations to meet briefly with Mr. Hammarskjold, the secretary general, with a view to further discussing that matter. I need hardly add that everything that Canada can do as a member of the United Nations will be done to assure early action at the United Nations on this matter, to the end that the forces of the United Kingdom, in accordance with the expressed will of the United Kingdom, will be withdrawn as soon as action is taken by the United Nations.

[Mr. Diefenbaker.]

Mr. Hazen Argue (Assiniboia): If I might, with the permission of the house, be allowed to make a very brief comment, I would say that we in this group are exceedingly disturbed by the action that has been taken to which the Prime Minister has referred. As we are aware of the very grave events occurring in the world today, we express the hope that all countries, particularly those with atomic weapons, will consider the future of the world and will at the United Nations, by discussion amongst themselves, resolve all their differences.

I think intervention by any country in the affairs of any other country, even at the request in some instances of the established government, is a very grave step which must, of course, be taken only after the most serious consideration.

We again express the hope that Canada will use its prestige and good offices at the United Nations to support a settlement through that organization. We acknowledge that the United States and the United Kingdom, in the action it has taken, said that it is interim or temporary action until such time as the United Nations may deal with the situation. We express the hope that United Nations action will be forthcoming soon and that there may be a United Nations police force, which I know is the method that all members of this house would support wholeheartedly as the means of solving this very difficult situation and preventing bloodshed in that area.

Hon. Paul Martin (Essex East): May I ask the Minister of National Defence whether any consideration is being given or has been given to making available a unit of the Canadian navy, a ship, if necessary under circumstances best known to hon. gentlemen opposite, for the purpose of providing for the safe return to Canada of those Canadians in this troubled area?

Hon. G. R. Pearkes (Minister of National Defence): No request has been made for such a ship to date.

Mr. Martin (Essex East): My question was whether any consideration has been or is being given to the dispatch of such a ship.

Mr. Pearkes: Ships of the Royal Canadian Navy are available at all times for emergency purposes.

[*Later:*]

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I refer to the matter which was discussed earlier and ask the Prime Minister if he or the government were informed in advance of the decision of the United Kingdom government to send forces to Jordan?

Mr. Diefenbaker: Mr. Speaker, the Canadian government was informed, and that brings me to something on which I secured some information this morning with reference to the attitude that should be taken by the United Kingdom government with respect to matters affecting the commonwealth.

In 1946 Mr. Attlee defined the arrangements which apparently were satisfactory to the then prime ministers of the various dominions in these words:

> It is our practice and our duty as members of the British commonwealth to keep other members of the commonwealth fully and continuously informed of all matters which we are called upon to decide but which may affect commonwealth interests. The object is to give them an opportunity of expressing their views in confidence if they so desire. These views are taken fully into account but the decision must be ours and the other governments are not asked and would not wish to share the responsibility for it. Dominion governments follow the same practice.

I mention this because that statement was made in the British House of Commons during the commonwealth prime ministers' conference of 1946, but I would also add that it was made before the arrival there of the late prime minister Right Hon. Mackenzie King.

Mr. Pearson: Mr. Speaker, a supplementary question, if I may. Could I ask the Prime Minister whether there has been any exchange of views between Canada and the other nations of the commonwealth on these matters?

Mr. Diefenbaker: Mr. Speaker, there was, in so far as Canada is concerned, nothing in the nature of an exchange of views.

AIR TRANSPORT

REPORTED PROTESTS OVER MODIFICATION OF REGULATION OF NON-SCHEDULED SERVICES

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I direct a question to the Minister of Transport. Has the minister taken cognizance of the protests from small plane operators with respect to the announcement he made in this house the other day allowing wide open competition in the granting of class "C" licences? Will he comment on the statement of a top air line executive who, according to the *Financial Post* of today, said that "this plan will mean a return to the dirty thirties when almost every company went bankrupt in the price war, and safety standards were thrown to the four winds"?

Hon. George H. Hees (Minister of Transport): I wish to thank the hon. member for advising me of his intention to ask this question. The answer to the first part of the question is yes. The answer to the second part of the question is no.

Mr. Chevrier: May I ask a supplementary question. Has the minister given any consideration to the possibility, as outlined by these operators, that because of this easing of licences the insurance rates will be increased substantially?

Mr. Hees: This whole matter was very carefully considered by the government before the decision was made, and I believe it was the proper decision.

FEDERAL-MUNICIPAL CONFERENCE

INQUIRY AS TO PROVINCIAL REPRESENTATION

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I should like to ask the Prime Minister whether there have been any recent developments with respect to the proposed conference with the municipalities, and particularly whether the government now contemplates having representation at that conference from the provincial governments.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, yesterday a group of representatives of the association of municipalities again called on me with a view to ascertaining when it was considered by the government appropriate and convenient to call together an informal conference of municipal authorities. I then pointed out the fact that the president and other representatives fully realized that it was to be an informal conference and that having regard to the commonwealth trade and economic conference and also considering the rate at which the legislative program of parliament was being implemented, I felt there was no possibility of such a gathering before October 6. That is as far as we were able to go.

With respect to the latter part of the question, this being an informal conference for the purpose of ascertaining the views of the municipalities it is in no way to be considered as a dominion-provincial conference, and there will not be representatives of the provincial governments, as such, present on this informal occasion.

Mr. Pickersgill: May I ask as a supplementary question if the Prime Minister could say whether the government has advanced its

plan for the resumption of the formal federal-provincial conference?

Mr. Diefenbaker: Mr. Speaker, it would be impossible to answer that question. When we are in a position to advise the house with respect to that matter hon. members will immediately be made aware of the date fixed.

Mr. Hazen Argue (Assiniboia): May I ask the Prime Minister a supplementary question. At this informal conference will the federal government be presenting any briefs or any research material having to do with this general problem? I am asking this question on the basis that this would be material different from concrete proposals but nevertheless, I am sure, would be helpful at such a conference.

Mr. Diefenbaker: I am sure the hon. member must have misunderstood the request made on the part of the municipalities association. The request which was accepted by myself in February was that the municipalities should have the opportunity of presenting their ideas and their conceptions of the problems and, having received the benefit of their advice, whatever steps should be taken thereafter would be for future consideration.

FINANCE

INQUIRY AS TO INCREASE IN INTEREST CHARGES ON CONVERSION LOAN

On the orders of the day:

Mr. J. R. Garland (Nipissing): May I direct a question to the Minister of Finance, of which I was unable to give him satisfactory notice. Would the minister advise the house of the approximate increase in interest charges to the taxpayers which is likely to result from the reconversion of victory loan bonds?

Hon. Donald M. Fleming (Minister of Finance): That would depend entirely on how many of the present outstanding victory loan bonds are turned in for new bonds of the conversion loan, and also which of the four maturities of the Canada conversion loan of 1958 are selected. I am afraid it is not possible, therefore, to give my hon. friend anything more definite than that.

Mr. Garland: Would it not be fair to assume that the government, before making a move of this kind, would have estimated what it was expected to cost the Canadian taxpayers? Surely in a project of that size—

Mr. Fleming (Eglinton): Of course we could figure out, as could my hon. friend, what the increase will be in any particular maturity which is chosen among the four new ones, but we do not know what is going to be the proportion of conversion applied to each of the four maturities that are offered.

Mr. Garland: Am I correct in assuming that there was no estimate made of what this would cost the Canadian people?

Mr. Fleming (Eglinton): My hon. friend is not correct in his assumption, Mr. Speaker.

HIGHWAYS

NEW BRUNSWICK—REQUEST FOR INCLUSION OF CERTAIN ROADS IN ACCESS PROGRAM

On the orders of the day:

Mr. H. J. Robichaud (Gloucester): Mr. Speaker, may I direct a question to the Minister of Northern Affairs and National Resources. Could the minister advise the house if, in the allocation of $11,700,000 to New Brunswick for its roads to resources program, consideration has been given by the federal government and the government of the province of New Brunswick to the construction of a highway to provide a direct road link between Saint John and Fundy national park, and also for the long advocated Plaster Rock link-up across the central stretch of New Brunswick to connect the north shore and the potato growing Saint John river valley by direct highway route?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, I will follow the practice I have laid down in the house with respect to these matters. I shall look into the question, ascertaining the location of the roads; and if any of the roads mentioned by the hon. member have been agreed upon by the two governments I shall give a yes or no answer.

PRAIRIE FARM ASSISTANCE

COMMENT ON STATEMENT BY PREMIER OF MANITOBA

On the orders of the day:

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, yesterday the hon. member for Drummond-Arthabaska asked this question, as reported at page 2289 of *Hansard:*

> I should like to direct a question to the Minister of Agriculture or in his absence to the acting minister. Has he any announcement to make to the house in view of the statement attributed to the premier of Manitoba in a report appearing in the Montreal *Gazette* of July 11, that he expects the federal government will immediately make several changes in the Prairie Farm Assistance Act to bring it more into line with Manitoba conditions?

I should like to point out to the hon. member that on many occasions in speeches during the last six or seven months I have stated that at this session of parliament we would bring in amendments to the Prairie Farm

Assistance Act in order to remove as far as possible the inequities and anomalies that have been complained of for years as far as that act is concerned, and particularly as far as damage from hail and flooding are concerned.

I would point out to the hon. member that there is a resolution appearing as item No. 9 on today's order paper which reads as follows:

Resolved, that it is expedient to introduce a measure to amend the Prairie Farm Assistance Act to extend the benefits of the act and to provide further for certain changes in connection with the administration thereof.

I presume the premier of Manitoba, knowing these facts, has stated that the type of damage they have sustained in some parts of Manitoba this year is likely to be covered after the amendments which this resolution precedes have been put through.

GRAIN

DEFICIENCY PAYMENTS—REQUEST FOR CONSIDERATION OF WESTERN REPRESENTATIONS

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I rise on what I believe to be a question of privilege affecting this house. On Thursday of last week, July 10, in reply to questions of mine about deficiency payments and crop conditions in western Canada, the Prime Minister made the statement that discussions were going on with the western provinces as to how a working program could be arrived at, and he had this to say, as reported at page 2093 of *Hansard* of that date:

When a decision is finally arrived at the Minister of Agriculture will place before this house the nature of those agreements to meet the immediate situation.

I have in my hand a newspaper clipping taken from the Regina *Leader-Post* of Saturday, July 12, in which a statement by Mr. Errick Willis, agriculture minister of the province of Manitoba, is reported as follows:

Mr. Willis said the assistance will be given under a federal-provincial agreement signed this week in Ottawa. The agreement is effective from June 23 to March 15, 1959.

The report goes on to spell out in exact detail how certain costs will be divided, and I do not intend to refer in detail to that part of the newspaper report.

It would seem to me that the Minister of Agriculture owes it to this house to make a statement in the house as to any agreement that may have been signed, if such an agreement has in fact been signed, in the normal course of events, but more particularly because of the Prime Minister's statement to the effect that as soon as an agreement was signed an announcement would be made in the house. I wonder if the minister would tell us if such an agreement has been signed, and whether the report is accurate?

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, I think that Mr. Willis must have been misquoted in this article, because no agreement has been signed.

[*Later:*]

Mr. Argue: Mr. Speaker, since the Minister of Agriculture has now seen this report, I wonder whether I could ask him if there is any substance whatever to it, and whether the federal government has made any offer to the provincial governments to share the cost of freight on moving fodder to the prairies at this time on a 50-50 basis, and so on, as detailed in this report?

Mr. Harkness: Mr. Speaker, the report to which the hon. member refers actually is a summary, as nearly as I can make out, of an offer which the Manitoba government, I think, has already made to the farmers in Manitoba. In regard to assistance in moving fodder, cattle and so on, Mr. Willis and I discussed this matter and consideration is being given to it.

NATIONAL DEFENCE

ST. JOHN'S, NFLD.—CANADIAN USE OF ABANDONED U.S. AIR BASE FACILITIES

On the orders of the day:

Mr. J. R. Tucker (Trinity-Conception): Mr. Speaker, I should like to direct a question to the Minister of National Defence. Is the minister aware of the intention of the United States air force to deactivate the Pepperrell air force base at St. John's, Newfoundland, and, if so, has the government or the R.C.A.F. considered the possibility of having any of these facilities used by the R.C.A.F.?

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, I understand that the personnel of the United States air force who have been stationed at Pepperrell are being transferred to other United States air force stations in Newfoundland. The Royal Canadian Air Force have no immediate requirement for the accommodation at Pepperrell, but they do know of the facilities that exist there and these are constantly being reviewed.

STATEMENT ON REPORTED INTERFERENCE WITH PHOTOGRAPHERS DURING NAVAL REVIEW

On the orders of the day:

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, may I answer a question which was directed to the acting minister of national defence yesterday by the hon.

member for Skeena, as reported at page 2288 of *Hansard*, who asked if an investigation might be made respecting a report that 13 newspaper photographers were locked in a small room aboard a naval vessel for three and a half hours on July 15 during the naval review near Victoria, British Columbia.

I have made inquiries, and I find that there was a party of 13 press photographers who were granted facilities to see the naval review on H.M.C.S. *Crescent*, which was the reviewing ship upon which Her Royal Highness Princess Margaret was travelling. At no time during that tour was any member of the press locked in any room. On the contrary, these gentlemen were accommodated in the mess of the chief petty officers of H.M.C.S. *Crescent*. All had been advised previously of the limited facilities which would be available because the *Crescent* is an operational ship, a destroyer escort, and there are only limited facilities.

During the period of the cruise all the press photographers were given ample opportunity to take pictures of Her Royal Highness, and were also granted two periods of seven minutes each when they could take photographs of the ships which the *Crescent* was passing in review. Unfortunately, those periods had to be taken in turn owing to the limited accommodation, and three photographers at a time were given the opportunity.

LEBANON—CANADIAN TROOPS AT LEAVE CAMP

On the orders of the day:

Mr. Egan Chambers (St. Lawrence-St. George): Mr. Speaker, may I ask the Minister of National Defence whether there are any of our troops in the United Nations emergency force at leave camp in Lebanon? If so, how are they affected by the present situation?

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, there is a United Nations leave camp established in Lebanon. When the situation deteriorated about two weeks ago instructions were given that no more Canadians were to be sent to that leave centre until the situation stabilized. To the best of my knowledge there are no men on leave at the centre at the present time.

CANADIAN PACIFIC STEAMSHIPS

BRITISH COLUMBIA—INQUIRY AS TO STATUS OF STRIKE

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I should like to direct a question to the Minister of Labour which arises out of the reported interest and dissatisfaction in many quarters regarding the stoppage of service by the C.P.R. steamships on the west coast. Can the minister indicate whether any additional steps are being taken in an attempt to resolve this dispute?

Hon. Michael Starr (Minister of Labour): Mr. Speaker, at the moment no definite steps are being taken to resolve this dispute, but the matter is under very serious consideration in order to arrive at some definite action.

SUPPLY

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

DEPARTMENT OF TRADE AND COMMERCE

391. Departmental administration, $739,086.

The Deputy Chairman: Order. The house in committee of supply, Department of Trade and Commerce, vote No. 391; this item will be found on page 73 of the blue book, with details on page 512. Shall this vote carry?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Chairman, I propose giving on this occasion a fairly lengthy review of our trade position and our commercial relations with various countries, with some comments on the work done by the Department of Trade and Commerce. It is impossible to cover every detail, but any omissions in the general statement may be filled in at the appropriate stage as the estimates are considered.

The most important feature of our trade at the present moment is the over-all strength shown in our commodity exports, despite weaknesses in some particular items. For the year 1957 a new record total was established in our commodity exports, amounting to almost $5 billion, or about 2 per cent above 1956, which in turn had been a peak year. Preliminary figures for the first five months of 1958 confirm a further improvement in our foreign trade, with total commodity exports for this period amounting to almost $2 billion, or about 1 per cent ahead of the corresponding period last year.

Some of the reasons for this good showing have been increased exports of wheat to overseas countries and uranium ore and beef cattle shipments to the United States. On the import side there has been a decrease, and the deficit on commodity account in 1956 of $842 million was reduced in 1957 to $689 million, or by 18 per cent. This trend has continued in 1958, with the rate being more rapid. During the first five months of 1958 Canada's trade deficit on commodity account was further reduced to $174 million, or about one-third of the deficit it incurred in the corresponding period of 1957.

Foreign trade is vital to Canada. One out of every five Canadians derives his livelihood from international trade, and Canadians in fact are more dependent on export trade than are the people of any other industrialized nation. Indeed, there can be no prosperity here without a high level of exports, nor can we enjoy continued development without expanding world opportunities for multilateral trade.

Over the years periods of prosperity have been associated with high levels of export trade. At one time agricultural and fishery products were of overwhelming importance, and Canadian prosperity was geared closely to overseas demands for our foodstuffs. Exports of foodstuffs are still of great importance, but with industrialization and discovery of new resources many new export items have emerged. Today forest products lead and comprise about one third of our export trade. Next come minerals, metals and bulk chemicals, which account for close to two fifths of our sales abroad, and then agricultural and fishery products which are one fifth of our total exports. Our leading exports, ranking in order of importance, are as follows, and the values indicated are those for the year 1957: newsprint, $715 million; wheat, $380 million; wood pulp, $292 million; planks and boards, $282 million; nickel and products, $248 million; aluminum and products, $230 million; copper and products, $169 million; iron ore, $152 million; crude petroleum, $141 million; fish and fish products, $130 million.

Canadian exporters, with the assistance of our trade commissioners and other officials, are constantly on the lookout for new markets for established export items or for new outlets for new products. Under present competitive world trading conditions we must seize every opportunity to develop new sales, and Canadian exporters are on the whole facing up to their great responsibility with vigour and imagination. More of them are travelling abroad to meet prospective customers and to follow up trade leads personally. Our trade commissioners last year received over 4,000 visits from Canadian businessmen, and many millions of dollars worth of new export business has been obtained directly as a result of these visits.

We have been encouraging greater exports of fully manufactured goods and more processing of raw materials in Canada. Exports of machinery and other highly manufactured products last year amounted to over $500 million, and this figure does not include the increased value added to materials exports by the further processing which has been undertaken at home. Canadian farm machinery, industrial machinery, motor vehicles, aircraft, ships, locomotives and railway cars, to take only a few examples, are well known in many countries. Our foreign sales of manufactured goods can be maintained and increased provided, of course, that costs here can be kept within reasonable levels and that our businessmen take advantage of every sales opportunity.

Our pattern of trade has undergone some changes. In the more recent period we have been selling more to the United Kingdom and the commonwealth countries and somewhat less to the United States and some other foreign countries. For example, commodity exports to Great Britain in the January to May 1958 period rose from $285 million to $291 million or by 2 per cent, and to other commonwealth countries from $94 million to $130 million or by 38 per cent. Sales to the United States declined only moderately to $1.1 billion or by 2 per cent.

In the same period imports from Great Britain rose to $222 million or by 2 per cent, and imports from the United States amounting to $1.5 billion fell by 17 per cent. Declines also showed up in imports from the rest of the world.

The trade figures that I have given are indicative of three developments. First, Canada's foreign trade with the world as a whole has been maintained at a high level notwithstanding the recessionary influences prevailing in North America. Second, a certain measure of diversification and expansion of trade has taken place leading to a better balance in our trade pattern. Third, Canadian industry has been able to supply a greater share of domestic requirements, thus assisting in reducing our deficit, that is the excess of imports over exports. These developments are in line with the government's trade policy.

Our main objective is to expand our level of trade with all the nations of the world, because we believe that the greatest economic benefits for Canada can be derived from the efficient use of our abundant resources based on multilateral trade relations. Through diversification of our trade a better balance may be achieved. The basic premise of our commercial policy is that the continued prosperity of our major export industries, forestry, mining, agriculture and fisheries, is essential for Canadian well-being and growth.

At the same time our secondary manufacturing industries also require expanding foreign sales if they are to use modern production techniques to the fullest extent. The relatively small size of our domestic market, serving 17 million people, is not a broad enough base for our manufacturing industry, which is efficient and capable of great expansion. Consequently we aim at the expansion

of foreign trade and the opening up of markets for Canadian raw materials and manufactured products everywhere in the world.

We are ready to co-operate with all other trading nations and to seek world-wide solutions for problems that are international in character. We are prepared to support all efforts to remove discrimination and restrictions in trade. For this reason we continue to support the general agreement on tariffs and trade. This international trade treaty receives the support of over 40 countries which together are responsible for 90 per cent of world trade. It provides an effective instrument for international co-operation and the most appropriate forum where current issues of commercial policy can be considered and dealt with on a world-wide basis in a practical manner.

For the same reason we are intensely interested in our commonwealth trading relations. We are looking forward to the commonwealth trade and economic conference in September in the hope that there will be a further expansion of markets within the commonwealth, a removal of trade restrictions and the development of a new approach to some of the major trade and economic problems facing the world today.

The commonwealth is the most important and influential group in the world trading community. Trade by commonwealth countries, including Canada, accounts for about one-third of total world trade, and sterling finances an even greater percentage of all transactions. Our exports to commonwealth countries in 1957 were valued at close to $1 billion, and represented 20 per cent of our total sales abroad. Shipments to the United Kingdom were primarily basic materials and foodstuffs such as wheat, flour, lumber, metals and minerals. Our sales to other commonwealth countries also included these materials to some extent, but manufactured goods were much more important relatively than in our trade with Britain. Canadian exporters of manufactured products are now finding new markets within the commonwealth.

Our trade relations with the United States are of paramount importance. We were privileged to have with us just recently the President of the United States accompanied by the Secretary of State, Mr. Dulles. Trade and economic matters were among the main issues discussed in our talk, and a broad basis of understanding and mutual appreciation of each other's problems was established. There are a number of fields in which our views differ from those of the United States government, but we did discuss our problems frankly and freely and we are determined on both sides to reach satisfactory solutions. We have welcomed the clear indication given to us by the President of the United States of the importance attached by the United States to sound and amicable trade relations with Canada.

The United States is by far our largest trading partner, supplying over 70 per cent of our imports and taking about 60 per cent of our exports. Last year Canadians sold goods to the United States worth $2.9 billion and imported in return almost $4 billion worth of United States products. Our trade deficit of $1.1 billion was, however, somewhat smaller than during the previous year. The United States economy will continue to be in growing need of many of the goods and materials which we can produce efficiently and sell on a world competitive basis. It is in the interests of the United States itself that nothing should be done to impair the access of our exports to their markets. Indeed, in the light of the substantial deficits in Canada's trade with that country it is particularly important that the United States should ensure continuing opportunities for the expansion and development of Canadian export trade.

There is some evidence that the government and public in the United States are becoming more keenly aware of the importance of good relations with Canada. It has been a common and frequent complaint among Canadian exporters that too often the United States has failed to give due recognition to Canadian trade interests, and we feel that it is in the national interests of both countries that this situation be corrected. Quite apart from the importance of the United States in Canada's trade, we all recognize that the United States is the world's major creditor and trading nation and as such has special responsibilities in giving positive leadership and providing initiative in world trade. This is particularly the case today when the world faces so many uncertainties and dangers. We have reason to believe that the United States is increasingly conscious of the urgent need for forward-looking policies in trade and economic relations. We were gratified to hear the declaration by the United States President in this house reaffirming the fundamental United States policy of fostering trade through the trade agreements program. Strong, constructive leadership by the United States in the field of world trade is indeed essential.

Our trade with Europe continues to develop to the satisfaction of both Canadian and European businessmen. Exports during 1957 rose 4 per cent to a new record of $549 million, and imports by 5 per cent to $313 million. Wheat sales worth $158 million accounted for close to half of our total exports to Europe, and were mainly

responsible for the over-all percentage increase in this trade. Other important commodities shipped were nickel, flaxseed, asbestos, copper and aluminum.

Our principal imports from Europe were industrial machinery, rolling mill products, automobiles and electrical apparatus. The largest percentage increase in our purchases occurred in the iron and steel category, with some items being up as much as 40 per cent to 60 per cent.

Important developments have been taking place in Europe which undoubtedly will affect our trade. My colleague the Minister of Finance has already indicated some of the government's views with respect to the European common market. Canada enjoys friendly and mutually beneficial trading relationships with each of the six countries of the common market. We will make every effort to continue them. We have every sympathy with the broad objectives of these European plans. We are hopeful that our trade with the countries concerned will greatly benefit. However, we know that this depends basically on the character and direction of the trade policies which will be followed by the six countries, and on the nature of the detailed arrangements which will be made under the common market.

We are concerned about many features of these arrangements as presently envisaged and will continue our efforts to obtain firm assurances and safeguards for Canadian export trade. The European common market is still in the process of developing its policies and its institutions, and much remains to be done to establish full co-operation between that group and the rest of the trading world. In this connection, some encouraging progress has recently been made in the detailed discussion of this step being conducted by GATT. Agreement has been reached between the six countries of the common market and their other trading partners that the multilateral procedures and arrangements of GATT should be used for joint consultation between them, and for the solution of practical trade problems that may arise.

As for the proposed European free trade area, it is our understanding that the negotiating countries are expecting to reach some concrete agreement by the end of this year. We have welcomed the firm undertaking given by the United Kingdom that commonwealth agricultural interests in the United Kingdom market will be fully safeguarded. The government will continue to give constant attention to the current negotiations in Europe.

No review of Canada's trade relations would be complete without a special reference to Japan. Japan is one of Canada's major export markets and trading partners. Last year the Japanese purchased $139 million worth of Canadian goods, principally bulk foodstuffs. The most important commodities were wheat, $54 million; barley, $14 million; flaxseed, $11 million; and wood pulp, $11 million. The total purchases were 9 per cent greater than in 1956.

On the import side, Canada's purchases from Japan were worth $62 million, only slightly greater than in 1956. Clothing, pipes, tubes and fittings, canned fish and cotton fabrics were the leading items. Under our commercial agreement with Japan a number of our most important exports are granted non-discriminatory treatment with respect to import licencing. This means that while many of our other exports still face dollar restrictions in Japan, these products which form the bulk of our trade are assured an equality of access on a competitive basis in the Japanese market.

Like Canada, Japan must export to live. We know that Japanese authorities and exporters are keenly conscious of the need to develop their sales in our market on an orderly and mutually acceptable basis. We are appreciative of the efforts they have been making in this regard. We are very much aware of the importance of our trade with Japan, and have every intention of continuing to develop our cordial relations with that country.

Another area where we have important trade interests is Latin America. Many of the countries in that area are in the process of rapid economic development and are in need of the kinds of products and materials with which we can supply them. In common with other countries in the same stage of economic development, including many of the new commonwealth nations, they are anxious to see greater stability in world commodity markets. We are sympathetic toward these desires and are conscious of the serious problems raised.

I would add that our trade relations with Latin American countries are close and friendly, and are based on mutual confidence and good will. Latin America is a market of great promise. Our exports to the area last year increased by 27 per cent, more than to any other major trading area. The total export sales amounted to $225 million and included a high percentage of partially or fully manufactured items. The leading exports were newsprint, $27 million; ships, $27 million; industrial machinery, $15 million; synthetic plastic materials, $11 million; wheat flour, $10 million; and locomotives, $10 million. Our imports from Latin America are mainly crude petroleum and were valued at

$242 million last year. Other sizeable imports were coffee, bananas and unrefined sugar. The total imports of all products were valued at $380 million, leaving us once again in the position of purchasing substantially more from our Latin American friends than we sell to them.

Our trade relations with the West Indies are also very important. These relationships are especially close, and they have grown out of a long tradition of trade which was important to Canada even before our confederation. Recently the establishment of the Federation of the West Indies, and the opening of their parliament in April marked the most important step which has been taken so far in the progress of these islands toward fully responsible nationhood. It was an important event also in the political evolution of the commonwealth. This progress of the West Indies is welcomed by the Canadian people. Many of the initial problems of the West Indies bear a close similarity to those which confronted our own country; problems of transportation and communication between the units, the rights of local governments, as well as providing for continued economic development.

I think these common problems of nation-building give us a special appreciation of the circumstances of the West Indies. The importance of the West Indies to this country as a trading partner is sometimes not fully appreciated in Canada. Taking the British Caribbean as a whole these territories are Canada's second commonwealth market, tenth world market, third market for manufactured products and, on the import side, Canada's fifth supplier. In 1957 exports to the whole area amounted to $51 million. Traditional imports such as fish and flour are important in this trade, but in more recent years manufactured products have increased rapidly. The West Indies is a valuable market for Canadian exporters of manufactured goods. Canadian imports from the British Caribbean in 1957 amounted to $80 million. In this trade traditional products such as sugar, rum and molasses are important, but newer products have entered the trade in very considerable quantity in recent years, notably bauxite, alumina and petroleum.

The West Indies federation consists at present of Jamaica, Trinidad, Barbados and the Leeward and Windward islands. The federation has not as yet established a customs union within its own territory or a common external tariff. It is, however, one of the major economic objectives of the federation to achieve such a union. A commission has been studying the problems involved in establishing a customs union, and we understand its report will be ready during the next few months.

As the West Indies makes progress toward the establishment of a customs union and decides upon the nature of its future economic relations with other countries, it will be possible to review the trade relations between that country and Canada. Canadian trade relations with the area are governed by the Canada-West Indies trade agreement which was entered into in 1927. This agreement provides for the exchange of preferential tariff treatment between the two countries. Through this agreement Canada extends preferential tariff treatment on sugar and the West Indies extends bound preferences to Canada on a wide range of products.

I believe there are important opportunities for the future development of Canada-West Indies trade. The expansion of Canadian exports to the area depends in part on the progress in economic development the federation will be making in the next few years, and in part on liberalizing dollar import restrictions. We are hopeful that it will be possible for the West Indies to introduce over a period of years additional measures aimed at further liberalization of trade between our two countries.

I now come to Canada's trade with China. Last year we bought a good deal more from China than we sold to that country, with imports amounting to $5.3 million and exports to $1.4 million. However, in the last few months we have been able to improve our balance of trade with China. Since March alone sales of wheat to this area involve close to 3½ million bushels of wheat valued at $5½ million. Following the visit of the Canadian government trade commissioner in Hong Kong to China in November, 1957 we learned that the Chinese were interested in a wide range of Canadian commodities including pulp and paper, wheat, fertilizer, aluminum, chemicals, plastic raw materials, synthetic fibres and non-ferrous metals. Canadian suppliers were asked to submit prices and specifications on such commodities available for export to China. We obtained a good deal of information as to the best method of dealing with the Chinese market, and we made this information available to Canadian business in the form of a report entitled "How to Trade with the Mainland of China" published in our departmental publication *Foreign Trade* on February 1, 1958.

Hon. members are interested in our trade with China, and particularly in United States foreign assets control regulations affecting Canadian subsidiaries of United States firms. Every effort is being made to find an appropriate solution to the difficulties in this

field. The Canadian government has attached such importance to this question that it was raised at the recent meetings with President Eisenhower and Mr. Dulles, and we expect to have continuing consultation with the United States authorities on these matters. We will continue to encourage Canadian businessmen to do business with China provided, of course, that the commodities in question are of a non-strategic nature. It is our objective to ensure that Canadian firms, regardless of ownership, be placed in a position to handle these export inquiries on a purely commercial basis.

To a large extent export control problems with China come down to reaching an agreed definition with the United States government and the governments of other free countries—

The Chairman: Order. I regret to interrupt the hon. member, but I must inform him that his time has expired.

Some hon. Members: Go ahead.

The Chairman: Is it the pleasure of the house to permit the hon. member to continue?

Mr. Pickersgill: Go ahead.

Some hon. Members: Agreed.

The Chairman: The hon. member may continue.

Mr. Churchill: As I was saying, to a large extent the export control problems with China come down to reaching an agreed definition with the United States government and the governments of other free countries as to what is strategic and what is non-strategic. These problems have arisen before in respect of our trade with iron curtain countries, and we have been able to work out satisfactory solutions with our allies. I expect that our exporters will take a renewed interest in the China market in the months ahead. There will undoubtedly be more visits to China, and we look forward to building up our trade there substantially.

At this stage, Mr. Chairman, I should like to deal with two specific aspects of our external trade, namely fisheries and wheat. Exports of fishery products last year were valued at $132.5 million, a figure which was very close to the record $133.7 million attained in 1956. Fishery exports during the first five months of this year were up 10 per cent over the corresponding period of 1957, and it would appear that the over-all market outlook for the remainder of the year is fairly promising.

Demand for fresh and frozen fish in Canada and the United States remains strong. The United Kingdom, which is our most important export market for canned salmon, has recently allocated £4.5 million for imports from the dollar area. This is an increase of £1 million over last year. Prospects for exports of canned sardines are also encouraging.

Some problems have been encountered in the salt fish trade recently, principally because of continuing controls in several of our important markets. Puerto Rico and Jamaica are still maintaining retail ceiling prices, and in Brazil a currency auction system tends to favour imports from soft currency sources. These restrictions are a matter of serious concern to the government, and we are continuing our efforts to have them removed. In the case of Brazil the currency auction system is being considered under the auspices of GATT.

Last November Icelandic exporters were able to offer lower prices than Canada, and were successful in securing the Jamaican tender for salt cod for the period July to December, 1958. I am informed, however, that if our prices become competitive with those offered by Iceland we have every possibility of selling again in the Jamaican market. Recently my colleague the Minister of Fisheries and I met with delegations from Newfoundland and Nova Scotia and had full discussions concerning the marketing of salt cod. The various briefs which were submitted are now under careful study, and I am hopeful that satisfactory solutions to our marketing problems can be worked out in the very near future.

I now come to the subject of wheat, which is one of the major responsibilities of the Minister of Trade and Commerce. The crop year 1956-57 was a disappointing year from the standpoint of the movement of wheat. The export movement of wheat amounted to 262 million bushels as compared with 309 million bushels in 1955-56. At July 31, 1957, stocks of grain in country and terminal elevators were 536 million bushels, an increase of some 44 million bushels over the same date of the previous crop year. In fact elevators were full to capacity. There was an estimated surplus in Canada of 732 million bushels, with a new crop coming in.

Under the circumstances the government had to formulate a very broad approach to the grain marketing problem. From the standpoint of producers, and the country as a whole, efforts had to be made to speed up the movement of wheat. Because of the increased wheat production in Europe it was obvious that world trade in wheat in 1957-58 would be considerably smaller than in the previous crop year. Therefore the task to which the government and the Canadian wheat board applied themselves was the securing for Canada of a larger share of a smaller world market for wheat. We were

assisted by the improvement in the protein quality of the wheat crop harvested in the prairie provinces in 1957.

We appreciated that in the early months of the crop year the bumper European harvest would reduce wheat imports into that area as compared with the previous year. However, during this difficult period we maintained a satisfactory level of wheat exports, and by December had moved slightly ahead of the level of exports for the same period in the previous crop year, and since that time we have increased our lead. As at July 9, 1958 our exports of wheat and flour amounted to 297.6 million bushels as compared with 246.7 million bushels during the same period in the previous year. It is now obvious that we will reach and exceed our export target of 300 million bushels.

Our sales this year included wheat for Australia, the U.S.S.R. and China. There are countries in the commonwealth which from time to time need wheat or flour and which for reasons of finance cannot obtain on a strictly commercial basis the quantities they require. At the request of India and Pakistan, Colombo plan funds for the year 1957 were made available for the purchase of Canadian wheat—in the case of India, $7 million; in the case of Pakistan, $2 million, and for Ceylon $1 million.

The application of these funds provided for the shipment of about 6.1 million bushels of wheat or flour this year. This was a start. The government then offered to make available to Colombo plan countries $35 million in the form of a long-term loan to finance the purchase of Canadian wheat. India looked with favour upon this plan and contracted with the Canadian government for a loan of $25 million for the purchase of Canadian wheat. This loan will be repaid in seven equal annual instalments commencing March, 1961 and bears interest at the rate of 4¼ per cent; the interest is payable annually commencing on March 31, 1959. From the proceeds of this loan India has acquired or will acquire nearly 15 million bushels of Canadian wheat during the present crop year.

These developments were important in themselves but the government went a step further; it made available $15 million to finance gifts of wheat and flour to India, Pakistan and Ceylon. This gift was in recognition of the urgent need for foodstuffs in these countries, and from these funds India, Pakistan and Ceylon will receive about 10 million bushels of wheat and flour during the present crop year. We also made available $1.5 million to the United Nations relief and works agency in the Near East whereby this agency might purchase a quantity of Canadian flour for Arab relief.

[Mr. Churchill.]

Mr. Pearson: Would the minister permit a question? Is the $15 million which he just mentioned to be taken out of the Colombo plan funds or is it in addition to the appropriation for the Colombo plan?

Mr. Churchill: I am glad the hon. member raised this question. It is in addition to the normal allotment for the development program under the Colombo plan.

Mr. Pearson: It is in addition to the appropriation made for the Colombo plan?

Mr. Churchill: That is right. There is a $35 million loan under the Colombo plan and $15 million as an outright gift.

Mr. Pearson: In addition to the $35 million?

Mr. Churchill: In addition to the $35 million for normal Colombo plan operations.

The government has accomplished other things of importance in the field of wheat marketing. At the last session of parliament the Export Credits Insurance Act was amended to increase the limit under this legislation from $100 million to $200 million. At the same time a reduction was effected in the cost of financing wheat the sale of which was insured under the Export Credits Insurance Act. The government has been ready at all times to utilize the facilities of this legislation in effecting wheat sales on insured credits up to a period of three years.

Before leaving the export side of the wheat situation I would like to say a few words about port activities during the present crop year in the handling of grain. The Pacific seaboard is having a very good year. From August 1 to July 9 shipments of wheat and other grains from Pacific coast ports amounted to 163 million bushels, compared with 132 million bushels during the same period in the previous year.

The port of Churchill in northern Manitoba had a good season in 1957. In the comparatively short shipping season out of Churchill a total of 46 cargoes of wheat were loaded. The bushelage shipped through Churchill was 16.7 million bushels, a new record for the port. The outlook for the 1958 shipping season at Churchill is just as good.

In the first half of the crop year Pacific coast ports and Churchill received a relatively high percentage of export shipments of grain. The movement through St. Lawrence ports last fall was substantially lower than in the previous year. However, the situation as far as St. Lawrence ports are concerned improved with the opening of navigation this spring, and the St. Lawrence movement is now slightly ahead of last year. Our Atlantic seaboard ports have had an active year, and our shipments to the United

States are considerably higher. By the end of the crop year, that is July 31, I feel that all our shipping routes will have given a good account of themselves as far as the movement of grain is concerned.

I would now like to deal with the activities of the department in so far as trade promotion and related objectives are concerned. One of the major functions of the Department of Trade and Commerce is the promotion of Canadian trade on a world-wide basis. Although almost all the branches in the department share in this promotional activity, some are more directly concerned than others. The activities of the department have been covered in the annual report for the year 1957 which was tabled in the House of Commons on May 22 last. I shall not now go over the ground covered in this report, but I shall single out a few activities of the department which are of particular interest to hon. members and to the Canadian business community.

One of these activities is the work performed by our trade commissioner service. The major job of a trade commissioner is to direct trade promotion, and in this field he acts as a valuable link between Canada's exporting community and the markets in his local territory. From modest beginnings over 60 years ago the service has extended the size and scope of its operations to its present strength of 127 officers. A small number of these are stationed in Ottawa, but over 100 officers are serving in 58 posts located in 45 countries.

The trade publicity branch was set up to perform a wide range of promotional activities. Chief among these are the publication of the periodicals *Foreign Trade* and *Commerce Exterieur,* the promotion of trade fairs, publicity in local and foreign media, advertising, supplying trade commissioners with literature and producing a multitude of general publications of a trade promotional nature.

The work of these organizations is largely made possible by the members of the commodities branch who provide a liaison with industry and the business community in Canada. This involves the collection and exchange of information about trading opportunities brought to light by the department's activities at home and abroad. As part of their trade promotion work commodity officers are called upon to visit plants, to attend meetings of business associations, to prepare trade studies and market surveys, and to arrange for the display of Canadian goods abroad. Similar work is carried on by the agricultural and fisheries branch in its field of operation.

Another developing activity in trade promotion is through trade fairs or exhibitions abroad. Participation in foreign trade fairs is regarded by Canadian manufacturers, as well as by this department, as one of the more effective and inexpensive ways of advertising Canada and Canadian products abroad. Trade fairs play a significant role in our export trade promotion activities. They enable us to exhibit Canadian goods in the very markets we want to reach, directly before interested buyers and traders who have assembled purposely to view, compare and consider offerings in their particular merchandise fields. In many markets, particularly in western Europe, trade fairs are an accepted part of international business activity, and accordingly we are virtually compelled to take cognizance of their significance.

Through trade fairs we can accomplish initial promotion of Canadian goods not sold in a particular market heretofore, or we can strengthen the market coverage of lines already introduced. We can assist the Canadian trade commissioner in his special duties. Both the department and Canadian firms participating acquire further knowledge about export prospects and market requirements, including what foreign competitors are doing; and where the public is admitted to the fair we perform an effective information job for Canada under advantageous conditions.

For many Canadian firms our trade fair program bridges the gap between no participation by that firm at all, and the time when the firm will be able to exhibit by itself. There is evidence that our efforts to assist exporters in the use of the trade fair technique are bearing fruit. Certainly the majority of firms that we have introduced to this sales method are enthusiastic about its value.

Our participation in trade fairs is a growing program. Our activities definitely have the endorsement and support of Canadian exporters and those interested trade associations with whom we maintain liaison for advisory purposes. There is no doubt that Canadian industry appreciates our assistance in this method of export trade development. In 1957 a total of 255 Canadian companies participated in the 16 Canadian exhibits abroad sponsored by the Department of Trade and Commerce.

Early in 1959 we will see the culmination of work now on foot to stage a practical businessman's trade show of Canadian products in Jamaica and Trinidad, to mark the first year of the Federation of the West Indies. These particular shows may have special significance to our future operations

where trade fairs are concerned as they involve a sharing of costs between the government and private firms. Later in the spring we hope to stage a Canadian trade show and a Canada Week in Boston, Massachusetts. On present indications the West Indies effort and the Boston trade fair will have the keen support of the Canadian export community and we anticipate their success accordingly. In themselves they will provide an effective demonstration of the value that Canadian business places upon trade fairs.

During the balance of 1959 we propose to take part in a number of international trade fairs of both general and specialized nature in the commonwealth, Europe, the United States of America, the Far East and in Latin America. In fact we are being pressed by Canadian manufacturers to go into fairs new to our post-war experience, for example, Sweden, Iraq, Australia and Rhodesia, and have also been asked to participate in more of the specialized shows concerned with individual industries such as the food trade and the building trade in important markets like the United Kingdom, United States, Germany and The Netherlands. This program is being worked out in co-operation and partnership with interested industries and trade associations.

The department is convinced that participation in trade fairs becomes more and more effective as we gain experience. We are gratified at the evidence of increasing support that we get from Canadian firms. Based on past results and the expressed interest of businessmen, we are convinced that this activity is an extremely valuable one.

And now a word about export financing. Another effort which facilitates Canadian export trade is the operations of the Export Credits Insurance Corporation, which protects Canadian exporters on certain types of foreign sales against non-payment by foreign buyers and against certain other contingencies. Canadian exporters have represented to us that in some respects export financing facilities available in Canada are not sufficiently broad and flexible to permit them to compete against some other countries which offer more far-reaching and longer term credits. The point is being made that in some instances Canadian exporters have been competitive in respect of price, quality and delivery but have been unable to get the business because they were not competitive in respect of credit. The department has been looking into these reports and in co-operation with other governmental departments we are examining thoroughly all suggestions for additional export financing facilities.

A note with regard to trade missions, Mr. Chairman. We believe in the principle that if Canadians want to sell more abroad they have to go to foreign lands and negotiate and, where possible, do business there. Early last fall I accompanied representatives of the wheat board to western Europe on a get-acquainted visit with a number of important grain buyers in several countries. Then on October 7 and 8, I attended a meeting of the joint United States-Canadian committee on trade and economic affairs in Washington. We discussed a number of our common trade problems and we found the exchange of views useful. Later in the month, I attended meetings of the 12th session of GATT in Geneva. In November 1957, a group of 50 outstanding Canadian businessmen visited the United Kingdom on an extended trade mission under government auspices. More recently, I participated in the inaugural proceedings on the occasion of the founding of the Federation of the West Indies. This visit provided me with an opportunity to discuss a number of trade matters with the appropriate officials of the new federation.

Our trade visits abroad have been reciprocated in kind, and we have had an increasing number of visits of both officials and businessmen from other countries to explore ways and means of increasing trade. Foremost among them has been the British trade mission which came to Canada under the distinguished leadership of Sir William Rootes on April 24 spending a month touring our country from coast to coast. We are confident that these various trade missions—a Canadian mission going abroad and foreign visitors coming to Canada—cannot help but create a favourable climate conducive to the expansion of Canada's trade.

Mr. Chairman, that concludes a summary of the business of the Department of Trade and Commerce. I have endeavoured to outline the policy of the government, our trade relations with various countries and areas with some comments on particular matters and on trade promotion. Canada's export trade is of major importance to our entire economy and the Department of Trade and Commerce exists for the purpose of promoting that trade.

Mr. McIlraith: Mr. Chairman, I should like to make my very first words on this occasion words of congratulation to the Minister of Trade and Commerce for having at long last given this house a comprehensive statement of the government's attitude and policy concerning trade. I am one of those who are very critical of the fact that in respect to this very important matter which the minister himself described as being vital to Canada the government has made no statement of

policy since it took office on June 21, 1957. I believe that omission was an improper way of treating the public business of this country particularly when we remember that trade is so highly vital to Canada and has such a direct and immediate effect on employment. I was particularly pleased, therefore, to hear the minister today, as I said, at long last come forward with a comprehensive statement on this subject.

The minister spoke about the many aspects of trade. As a matter of fact I thought he was slightly apologetic at the opening for the length of his remarks. I must say he has no need whatever to apologize for the length of his speech on a subject as important as this. We have been waiting for this statement for some 13 months and we welcome it. The minister is to be congratulated for having come forward with it at long last.

Trade is a wide ranging subject and perhaps in making a statement on the first item of the Departmental estimates it is necessary to approach it in a general way and at times be guilty of some generalities in which one would not always wish to engage. Last evening I was interested in examining what was done last year with respect to this subject. The estimates were introduced but there was only some brief discussion on item No. 1 and nothing further was done about the estimates prior to dissolution of the house and therefore, unfortunately, the house was denied the opportunity to examine this subject.

The minister in his brief statement on that occasion did not deal with the subject of trade at all other than to make a very short reference to Canada's excellent foreign trade service. I am very happy to join with him in those congratulatory remarks to the foreign trade service of this country. I believe we have a splendid foreign trade service serving Canada. One has only to deal with commercial matters and attend conferences on trade or finance matters with other governments to appreciate what a highly efficient and fine foreign trade service Canada has. My hope is that during his term of office the minister will support that trade service and continue to treat it in such a way as to enable it to occupy the prominent position it now occupies in our public service.

In looking at the figures it is interesting to see the expansion of our trade in those postwar years. In 1946, our imports were some $1,927 million, and our exports some $2,339 million, making a total trade of $4,266 million. By 1956 the trade had increased so that those figures for the year 1956 were: imports, $5,711,700,000; exports, $4,862,900,000; or a total trade of $10,574,600,000, a tremendous expansion, placing us in the fourth position among the traders of the world.

I think the minister will agree with me that when he took over the portfolio our trade, as a trading nation, was indeed in a very healthy state. There were problems, some serious problems, but generally speaking it was in a very healthy state. There had been a tremendous expansion of trade. I think he will also agree that when he took over his department it was a well-staffed, well-managed department, and it had a degree of esprit de corps and efficiency that would commend it to him.

He spoke about the trade pattern as we now see it, and I should like to make some comment on his remarks. There is undoubtedly a good deal of uneasiness about international trade at this time owing to several world forces which will be readily apparent to hon. members, some of which should be mentioned in particular here. But before doing that I would like to make some reference to some parts of the minister's speech.

I noted with interest his reference to the wheat exports for this year, 1958, being an increase over the year 1957. I think he will see, if he will check his own speeches in *Hansard*, where he referred to some of the factors entering into that, in the last session of parliament and he did not mention them today at all. He did mention one factor entering into it, namely the higher protein content of Canadian wheat, and he did mention something about European wheat production. But he did not tell us anything about the Australian crop failure last year and the sharp reduction in the Argentine production last year. It seems to me that if the House of Commons is to discuss a matter as vital as this to our economy, all these factors should be put forward by the responsible minister. We all realize and we are glad that wheat exports are up, but no useful purpose is being served in discussing the subject if we omit all the relative data and the reasons for the increase.

Then, there is the matter of beef and meat exports, particularly to the United States.

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

Mr. McIlraith: Yes.

Mr. McIntosh: Will he touch on the question why Canada had 40 per cent of the wheat market prior to world war I and has only 25 per cent of the world market now?

Mr. McIlraith: I am sorry; I did not get the question. I will come back to the question and deal with it when I can get the point; I am sorry, I did not get it.

As to beef, the farmers of this country particularly will rejoice—some of the consumers may regret the price increase—in the fact that our cattle exports to the United States have been very heavy indeed. The reason for that is the drought in the southern states for several years until they had to sell off their cattle and get rid of them. I hope a good part of that market can be retained. It is only confusing the issue however if you lead farmers of the country to believe that that was just a new market readily obtained in competition with cattle production in the United States.

In his discussion of his estimates the other night the Minister of Agriculture completely omitted to deal with that aspect of it and I think to that extent he was doing a disservice to the country's farmers. I do not want to refer to the remarks of the Minister of Agriculture on that subject but I noticed that in dealing with this particular aspect of the estimates of the Department of Agriculture the Minister of Trade and Commerce did not deal with that subject at all.

Then there were some other remarks about commodities that were of interest. Exports of uranium are up pretty sharply over the last year. The story of uranium exports is rather interesting. It is due to the very far-sighted policy adopted some years ago by the minister's predecessor. The policy to which I refer was the policy of the atomic energy authorities in this country announcing a fixed price for uranium ore concentrate so that prospectors could go out and prospect for uranium and develop that natural resource. When I hear my hon. friend talking about the development of natural resources I do not know of any better example of what has been done in that field than that far-sighted policy, because of which our present Minister of Trade and Commerce is now able to come into committee of supply and show the results in increased export figures. That policy, of course, was followed up by the firm contracts for the sale of the concentrates as the mines were ready to go into production and that export will, as I understand it, continue and increase until 1962 or 1963.

There is some uncertainty about the market after that and at this stage it is perhaps not useful to crystal-gaze on it. But I wonder whether the minister would give us any information he can on the subject of uranium exports, if he is in a position to do so. He may not be in a position to give much information that is of a firm nature but if he is I would appreciate very much if he would do so.

It is interesting that these three circumstances which I have pointed out in relation to wheat, beef cattle and uranium have rather tended to conceal a situation in our export trade that would cause genuine concern to careful thinkers on the subject. For instance, there is a decline in the exports of base metals and aluminum which I think must concern the minister greatly. It is quite true that so far as the total figures are concerned the increase in uranium exports has done much to offset that but I think that we should discuss these matters.

Then there is the question of the export of oil. I think we are all genuinely concerned about the voluntary 15 per cent restriction on the import of oil into the United States applicable to Canada as well as to other countries. There is another aspect of that situation, of course. I for one am of the view that it is highly essential for defence reasons that we develop all the oil resources we can on this continent and I am quite unable to understand why, if one accepts this viewpoint, it is desirable that the oil wells should be on the United States side of the line. If they have the strategic military significance I believe them to have, then surely oil wells in Canada are in as urgent need of development as are oil wells in the United States. I would hope that the government would continue to make every effort to remove this obstacle.

I am also a little critical of the government with regard to another aspect of the matter. Oil wells cannot always be developed without dealing with gas as well because it is just not possible to shut the gas in and take the oil out. I hold the view that damage has been done with regard to development in the whole field of oil and gas production, both from the point of view of export as well as internally, by reason of the failure of the government to announce any policy since it took office in June, 1957. As many of the government supporters, particularly the new ones, were speaking in the throne speech and budget debates they seemed to indicate that all history began on June 10, 1957 and I could not help but wish that they would say something about matters affecting the welfare of the country and that they would analyse, as they undoubtedly could and would if they had thought about it, the damage done to the economy by the failure of the government to enunciate and put forward a policy.

The appointment of the royal commission on energy was announced very early in the last parliament but the commission did not begin its sittings then and I for one was never able to understand how the government could not have known of the expected absence of the chairman from the country until December and the long delay that would be involved. I can only hope that the government will formulate and announce its policy soon before more damage is done through

delay. The effect of the setting up of the commission, of the lack of any statement of policy by the government and the uncertainty regarding its policy has been to prevent and delay expenditures necessary for the development of that industry.

It was rather interesting to hear the minister speak today. I recall very well watching television in 1957 and seeing and hearing that wonderful announcement by the Prime Minister about the 15 per cent trade diversion from the United States to the United Kingdom. The government was going to divert imports from the United States to the United Kingdom. It was interesting to note the attention that announcement received at that time and it is very interesting today to find the minister making no direct reference to that great mission in his speech. I think the reason is obvious. It is up to the minister, of course, to exercise his judgment whether or not he should mention it but I think he had political judgment in mind when he failed to do so. That policy was completely in error, unworkable and damaging to the country.

Mr. Chevrier: It fell flat on its face.

Mr. McIlraith: Yes, it fell flat on its face.

Mr. Churchill: Like the Liberal party on June 10, 1957.

Mr. McIlraith: If I understood the minister correctly, he said in his remarks that he was ready to co-operate with all countries in removing restrictions and seeking to expand trade. As he was saying that I wondered whether he was thinking about the statement made at Mont Tremblant last year by the British chancellor when he put forward a proposal of free trade with Canada.

Mr. Pallett: What would your answer be to that proposal?

Mr. Pearson: We have answered it half a dozen times.

Mr. McIlraith: It was a rather startling proposal, something very new involving far-reaching changes. The minister spoke very correctly today about the trade with that country and claimed improvement of the United Kingdom and commonwealth markets but when this most definite proposal was made by a responsible minister of the United Kingdom government our trade minister never came into this house to discuss it at all. He never submitted his policy with regard to it. He never brought the matter forward. What is his attitude to it? He does not say and he will not say.

I respectfully submit that a proposition of that sort requires responsible treatment, consideration, attention and the establishment of a policy on the part of the government. A commonwealth conference is to be held in September of this year but the minister does not tell the house what the attitude of the government is going to be on that very important proposal put forward by the United Kingdom authorities. Surely if we believe in the parliamentary system at all parliament is entitled to know the policy of the government on this important aspect of our foreign trade. That is particularly so in view of the fact that the present government took office, as they are so fond of saying, for the first time after 22 years in opposition.

Mr. Pallett: Twenty-two years of no policy.

Mr. McIlraith: Twenty-two years that is exactly what I was seeking to say. After 22 years with no policy on the subject the opposition came into power and they now decline to deal with the matter.

Mr. Pallett: You had better check your answer on that.

Mr. McIlraith: The hon. member for Peel has the advantage of sitting very close to the *Hansard* reporter and he puts interjections on *Hansard* which it is not always possible to hear. That one I did hear.

I was glad to hear the minister make reference today to the European common market. I hope he will develop that subject a little more because there are many people in this country who fear the direction it may take and who are anxious that the government should co-operate closely in that development to see that it does not take a trend that will be harmful or restrictive so far as the trade of the area with Canada is concerned.

I think probably the aim with respect to it is not objectionable. I am not speaking about the aim or criticizing the minister at the moment, but I wish he would inform us more fully on that subject, just what information he has as to the factors that might affect us favourably and adversely, and the attitude and actions of the government with respect to them.

Then at long last we got a statement from the minister about trade with China. I was particularly interested in that because of the many statements made by the Prime Minister, particularly during the recent election campaign, as well as other supporters of the present government. The Prime Minister's language seemed to indicate an expectation of sharply increased trade with China. I should like to ask the minister if he would clear up in a precise way the exact situation concerning the export to China of materials that might not be considered strategic, in view of the apparent confusion arising out of the attempt to get this information by a

process of questions and answers on orders of the day. This subject is too large, perhaps, to be dealt with properly on orders of the day. There is a great desire to obtain that information.

I would ask him if he would consider working out a precise statement on this subject and putting it on the record during the consideration of these estimates, so we could have it as an authoritative statement as of this date. In this statement I would hope he would clarify the confusion that now exists in connection with Canadian subsidiaries of United States owned companies. The apparent conflict arises because these subsidiaries are subject to Canadian law, but at the same time the United States owners may be subject to United States law. I am aware of the fact it is a subject of some difficulty, but I believe it is a subject on which we should have a precise statement.

On the subject of trade with China, I read with some interest Mr. Forsyth-Smith's article in the publication *Foreign Trade*. It was a very good article, as far as it went. In view of the minister's statement today about the willingness of Canadian exporters to go abroad in an effort to sell products, and his own interest and statements along that line, would he say whether or not he has in immediate prospect any trade trip to China? There was a small item about that in the newspaper the other day, with which I think he is familiar, indicating that he was going. However, it seemed to me to be one of those vague items that left one in considerable doubt as to whether he was or was not going. I hope he will clear up that point.

I was not quite clear as to the position of our trade commissioners in China. Have we a trade commissioner now in China?

Mr. Churchill: Just in Hong Kong.

Mr. Pearson: Does he cover China?

Mr. McIlraith: What is his exact position?

Mr. Churchill: We have a trade commissioner stationed in Hong Kong, Mr. Forsyth-Smith. He spent two weeks in China last fall on invitation of the Chinese government.

Mr. McIlraith: Does his territory cover Hong Kong?

Mr. Churchill: His territory covers Hong Kong and adjacent countries.

Mr. McIlraith: Does it include China?

Mr. Churchill: Yes.

Mr. McIlraith: As the minister correctly expected, I have a considerable interest in the subject of trade with the West Indies. As he will have noticed, there is a resolution on the order paper standing in my name which deals with the subject of trade with the West Indies. It is not my purpose to elaborate it here, particularly, because I expect that on Monday, or one of the Mondays very shortly, we shall have an opportunity of debating that subject in a specific way. While this will not give an opportunity to ask questions, my remarks could probably be more properly left until that stage.

There is one aspect of this matter, however, arising out of the minister's statement, with which I should like to deal now. He spoke about the importance of this market and the growth of the trade with the West Indies over the last number of years. It has a historic background, and it has a tremendous importance to an area of this country, which I think I can say with propriety needs help in its development at this time to a degree that is equal to or greater than the need of any other part of this country. I refer, of course, to the maritimes.

The Deputy Chairman: I am sorry to interrupt the hon. member, but his time has expired.

Mr. Herridge: I listened with great interest to the minister's recitation of the activities of his department, the first he has made since he has taken office. While a great deal of what he had to say was informative, I must frankly say it was not inspiring. You know, Mr. Chairman, the minister does not talk like a salesman. I could not imagine anyone selling very much with the minister's approach to this question. He reminded me of the old-fashioned storekeeper who used to sit on an apple box and say, "Come and get it." I was reminded also of an early schoolmaster of mine, nearly 60 years ago, who used to lecture on history. I thought the minister gave us a good lecture on history this afternoon, but I do not think there was very much insight into the future. He did not sound much like a prophet.

I was interested in his reference to trade with the United Kingdom, the European common market, trade with Japan, Latin America and the possibility of developing further trade in the British West Indies. I was interested, too, in his brief and somewhat noncommittal statement with respect to China. The minister stated the trade commissioner learned last fall that the Chinese people were interested in trading with Canada, and in purchasing some of the commodities we have for sale in the export market. I was amazed to hear him say that. You know, Mr. Chairman, we in this group have been trying to tell governments that for five years. The minister has sent a trade commissioner into China surreptitiously, up the

backstairs as it were so they could disown him if he did get into trouble, and he comes back and informs us that there are possibilities of trade. Well, you know, it does me good to repeatedly be able to get up in this house and finally find that the things this group have been saying for years previously have been proven to be correct and have been accepted by the government in power.

Then, coming to British Columbia, I am particularly interested in the problems of trade which affect that province and, more particularly, those which affect my constituency. I do not usually enter into local and parochial matters and things of that sort. However, this is such an important subject that I must deal with one or two matters that concern employers and employees in my constituency. However, I must turn to some capitalist sources to support my arguments on behalf of this group and with respect to surplus commodities we have for sale in Canada. There is no doubt that we have a great deal of surplus commodities in this country at this time. At the same time we have hundreds of thousands of unemployed. I want to deal briefly with some of the things we have in surplus based on information from capitalist sources, strong supporters of free enterprise. Then I want to deal briefly with some of the support for trade with China and the attitude of prominent industrialists and organizations in British Columbia. I am going to deal with this question particularly because while we are all for the development of trade with the other countries that have been mentioned, there are limitations to the possibility of that development. We are moving in that respect into fairly well harrowed fields. We in this group may believe that the greatest possibility for the cultivation of a market in Asia is to a great extent in China. Therefore, Mr. Chairman, on that account I am going to confine my remarks this afternoon to that country.

Before doing so, however, I want to put on the record a few facts which indicate the things we have in surplus in Canada at the present time and the situation with respect to the mining, lumbering and smelting industries and with respect to agriculture. However, I am going to leave the question of dealing with the problems of the lumber industry to another colleague of mine who is also greatly interested in this question, and the problems of the wheat producers and their requirements with respect to the sale of wheat to another colleague of mine, namely the hon. member for Assiniboia who on occasion has been known to rise in his place in this house and have a few words to say on the marketing of wheat. I now want to quote from the *Financial Post* of February 15, 1958. That paper has this to say with respect to copper:

> It becomes increasingly evident that the copper industry needs an increase in consumption, particularly in North America.
>
> Copper producers are fighting hard to build up demand. Now that they have cut back output by about 10 per cent on a world basis (excluding Russia), they want to improve their markets . . .
>
> Canadian producers are in a difficult position, depending on both the United States and United Kingdom markets since domestic use isn't a vital factor.

They have got to find some other markets than the United Kingdom and the United States before their problems are going to be solved. Then the *Financial Post* of March 8, 1958, commenting on the copper situation, states:

> Canadian copper is largely produced in conjunction with other metals like nickel, lead, zinc and gold. It is difficult to reduce production of copper since often the "other" metal is the one sought and copper is the byproduct.

That is the situation that exists in British Columbia in a number of mines.

> Thus Canadian mines—ranking fourth as suppliers—so far have largely been forced to ride along the bumps of the confused world copper picture. They could not readily reduce production, conserve ore and generally pull in their belts.
>
> Instead they have had to go on producing the metal . . . at substantially reduced prices.

Then, Mr. Chairman, I want to deal briefly with the comments of the *Financial Post* with respect to the situation concerning the marketing of lead and zinc. The *Financial Post* of March 8, 1958 comments as follows on the lead and zinc situation, and this is an extremely important question to the mining fraternity, both employers and employees in British Columbia:

> Lead and zinc are among Canada's troubled minerals. They are riding out the storm of falling prices that also hit copper, and the general slump in lead and zinc business occurred for the same basic reason as in the case of copper—an oversupply of metal in relation to the market . . .
>
> The world squeeze out in the two metals resulted in some casualties in Canada. In British Columbia, giant Consolidated Mining and Smelting closed down two mines. Galkeno Mines in the Mayo district in the Yukon suspended operations. Consolidated Sudbury Basin, a potential supplier of lead and zinc, cancelled its plans to get into production.

The same *Financial Post* notes as follows:

> It is estimated that some 68 per cent of Canada's zinc production is sold in the United States and some 25 per cent of lead.

Then the *Financial Post* deals with the wheat situation and gives an analysis of it but I am going to leave that question to the hon. member for Assiniboia. Then we come to the question of lumber and fertilizers. This

is what *Canadian Business Week* of October, 1957 has to say:

Canada, again remembers its best pre-war Asian customer. In the late twenties, this country shipped as much as $29 million worth of B.C. lumber annually to China. This is a market which the depression, World War II and post-war ideological divisions have completely dried up. Today, with the B.C. coast lumber industry in the worst slump since the depression-bound thirties, the cry has gone up from several senior west coast lumber company executives that China should no longer be excluded as a trading partner of Canada.

The article goes on to say this:

"It's the only fresh lumber market left", said one of them last spring . . .

During the last 18 months, senior Canadian and American businessmen, including Henry Ford II, Canadian-born multi-millionaire Cyrus Eaton, H. R. MacMillan, chairman of the board of Vancouver's MacMillan and Bloedel Ltd., and James S. Duncan, OBE, former president of world-selling Massey-Harris-Ferguson Ltd., have all come out for a realistic Red China trading policy. Last January, Ford called for a 'realistic decision' where China is concerned and Eaton warned the western powers to 'stop goading Red China'—

Then the article goes on further to say this:

The largest market on earth, perhaps already overcommitted to the Russian economy for industrial heavy equipment and to a limited degree for consumer goods, is virtually closed to the products of the west in any volume. Before it's too late and before it forgets what it once could buy from us, China's traditional consumer goods trade with us must be restored, say western businessmen and manufacturers.

Then in my few brief remarks I want to quote some statements favouring trade with China which now rise on every hand. Mr. W. C. Mainwaring, vice president, British Columbia Electric Co., Vancouver, B.C., had this to say:

Canada's exports to China dropped from $37 million in 1947 to $1 million in 1954 . . . there is every indication that China has dollars to pay for increased trade with Canada—

Mr. C. M. Forsyth-Smith, Canadian trade commissioner in Hong Kong had this to say:

There is a "promising market" in Red China for Canadian goods—

Hon. Earle Westwood, British Columbia provincial minister of trade and industry Victoria, had this to say:

The Chinese demand for fertilizer is so great that the annual requirements for the Shanghai area alone would absorb the total production of the Trail plant of Consolidated Mining and Smelting Company.

Yet here we are having to cut back production and men are being laid off while we have this large potential market for fertilizer and that fertilizer is badly needed in the Asiatic countries and in China.

Then again, Mr. Chairman, there is another statement I wish to quote. I may say that I am just summarizing and more or less taking statements from here and there so as not to take up the time of the committee unduly in quoting these capitalist authorities to support the arguments we have made in this house for a period of five years. I have here in my hand a page from the Montreal *Gazette* of June 28. In it there is an article which is headed "Canada Losing 'Legitimate' Trade; Muir Finds Others Grab China Market". I just want to quote Mr. Muir briefly. In this article Mr. Muir is quoted as saying this:

"It was galling to meet (in China) and to talk with the selling forces of other Western powers, not only obviously getting business but enthusiastic about it, while our people seem to sit back and wait for a silver platter deal,"—

By our people he means the exporters of Canada and this government. He goes on to say:

The Canadian government should see to it that, "if any Canadian enterprise should be induced by outside influence to deviate from its responsibility to the Canadian worker and the Canadian economy by declining legitimate and clean business, drastic and immediate steps should be taken to discipline it"—

The minister sent a trade commissioner to China last fall and he informs the house this morning very briefly and in modest and mild tones and terms that there are "some possibilities" with respect to a market in China. I think it is obvious, however, that the leading industrialists in this country and the organizations to which they belong are not satisfied that this government is moving fast enough in this direction in order to take advantage of this great potential market. In concluding my references to these persons I wish to quote a resolution passed by the British Columbia chamber of commerce at its recent meeting in Vancouver which clearly indicates that this chamber of commerce was not satisfied with the government's policies in this respect, otherwise they would not have passed a resolution in these terms. This resolution was, I am informed, adopted unanimously and reads as follows:

Whereas Canada's volume of international trade is of vital concern to the economic welfare of all Canadians; and

Whereas the diversified product of its natural resource industries requires that trade should be conducted on a multilateral basis; and

Whereas exchange of trade and closer personal relationships are an essential factor for the development of international understanding and goodwill;

Therefore be it resolved that the British Columbia Chamber of Commerce urge upon the federal government the need for establishing trade relations with communist China, subject to the imposition of such conditions as would safeguard the movement of strategic materials.

It is obvious from that resolution that the British Columbia chamber of commerce is not satisfied with the actions taken by the government to date with respect to the development of trade with red China. Why

did they take that view? Because that convention would have been attended by a large number of men interested in the primary industries of British Columbia and would have surpluses to sell.

Another thing to which I wish to draw the attention of the minister is the fact that in that resolution are the words "closer personal relationships". It is quite obvious from those words that they do not consider the sending of a trade commissioner to Hong Kong a close enough personal relationship. As I and others in this group have said before, we believe that such a close personal relationship can only be realized by the recognition by this government of red China. In doing so we do not recognize a system; we do not agree with their policies, but we cannot expect a great nation like that, with a population of over 600 million, to carry on a satisfactory trade relationship unless we recognize the government of that country. We do hope, therefore, that the Canadian government will cease riding on the coat tails of Mr. Dulles and will show a little courage and do what the majority of the Canadian people want them to do, that is, first to recognize China and, secondly, to take a much more positive approach to the development of this great market which would, without doubt, provide an immense outlet for our surplus commodities and employment for many persons who are now unemployed in this country.

It is quite obvious that the, shall I say, snail's pace which the government is adopting with respect to this matter at the present time is unsatisfactory to the industrialists and to their employees both capital and labour in British Columbia having expressed their discontent and their opinions in various ways. I do urge the minister to recognize the feeling in the country. I think the government and possibly the minister himself are somewhat out of touch, particularly with the feeling in British Columbia, with respect to the development of trade in Asia, recognition of red China and the development of trade with this great country.

Mr. Broome: Mr. Chairman, I would like to take a few moments to address the house. It is rather unfortunate that I should follow the hon. member for Kootenay West because my subject is very much the same as his. I do not agree with his contention that the government is out of step with public thinking on this matter; I believe the government has moved faster and with more effect than any other government has done, and in this respect I would like to quote a few figures.

Canadian exports to China in the first five months of this year totalled $2.75 million, whereas in previous years Canadian exports, firstly in 1954, totalled $70,000, while in 1955 they totalled approximately $1 million, in 1956 $2,400,000 and in 1957 about $1,400,000. So that if the rate of exports is kept up during the balance of the year we will export to China this year as much as we have exported in the preceding four years. In addition to this, the government has sent a trade commissioner to China and has taken action in consultation with the United States with a view to freeing trade with China. During the consultations which the minister and the Prime Minister had with the President of the United States, as we have been advised through press reports and in other ways, steps were agreed upon so that this trade can be made open to us on the same basis as it is available to other NATO countries. I think that is a pretty good record and, coming from British Columbia, I do not minimize the value of trade with China. I know how important it is not only to British Columbia but to all of western Canada.

I would like to refer to the trade pattern in the United Kingdom since that country recognized China. The U.K. recognized red China on January 6, 1950, and in that year trade with China totalled approximately $10 million; it dropped by over a quarter in 1951, came back to $12 million in 1952 and from that point on it has steadily risen to a total export trade of $34 million approximately in 1957. United Kingdom imports from China have followed pretty much the same pattern and stand at close to $40 million in 1957.

This is a sizeable trade picture but we should not inflate the importance of it in regard to United Kingdom trade or trade with other countries. The value of trade with China is in its future potential, in that this is a pattern of increasing trade which will rise at a very fast rate from year to year with the development of that country through industrialization and through the measures which its government has been taking to increase living standards which, even now, are fantastically low compared with our own.

The hon. member for Kootenay West has quoted rather extensively from the report of Mr. James Muir, the chairman and president of the Royal Bank of Canada, and I must say that the statement of a leading businessman such as Mr. Muir must not be ignored. I believe that Mr. Muir has helped to correct some of the misconceptions we perhaps have had as a result of previous reports of activity in red China. I do think, however, in respect of his remarks about the exporting fraternity who, he says, should shake themselves, should get busy and should visit China either individually or as a group and keep at this job in order to develop trade, what the government has done and is doing had to be done first. Hon. members know that there is an

embargo on certain goods and that CONCOM, a subcommittee of NATO, has been sitting in Europe and has brought the strategic control lists in regard to the U.S.S.R. and China into a state of conformity. A great many articles and commodities which were formerly embargoed have now been freed from that list.

The trouble with our industrial setup is that the United States has taken the stand that it will not trade with red China and that that decision of the United States government will apply to the operations of United States plants in other countries. Because approximately 60 per cent of the industrial capacity of Canada is controlled from the United States we cannot establish free channels through Hong Kong for material and commodities for sale to red China. This does not assist us in respect to those industries which are in the main under United States control or ownership. That is the reason why the recent meeting between the President of the United States and the government of Canada is of such importance because it frees these channels of trade so we can participate in trade with China on somewhat the same basis as the United Kingdom. If it works out as it is supposed to we should see an increase in trade with China.

There are a couple of questions I should like to ask the minister in regard to the new trade pattern and they relate to how the setup will work. Will a China trade section be established in the Department of Trade and Commerce? It would seem inconceivable to me that a Canadian company subject to United States regulations because of ownership should have to go through the U.S. state department for a permit or relaxation of regulations allowing it to make shipments to China. I would think the way it should be handled would be for the company to go to some section of the Department of Trade and Commerce which would have clear lines of communication with the proper officials in Washington so that an answer could be given in a relatively short time. I can see businessmen going grey with frustration if they have to wade through the intricacies of the United States state department in order to secure a permit to make a shipment. If a China trade section is established in our own Department of Trade and Commerce the headquarters should be located at Vancouver and this should work out very well.

I have been told that within the past few weeks agents have tried to buy quantities of bleached sulphite pulp for shipment to China but have not been successful. This commodity is produced only in mills on the coast that are United States-owned. The question I have is this. To whom should the agent go if he wished to get clearance to make a deal with Rayonier or Crown Zellerbach, subsidiaries or whatever company it might be, to get that trade moving?

In conclusion I simply wish to reiterate that it is easy enough to criticize in these matters. In working out relationships such as these, and particularly with the United States, and in setting up a Canadian agency in Hong Kong to make contacts with a government which at the present time we cannot recognize, a considerable amount of work and planning is involved. To my way of thinking the record speaks for itself and indicates that the government is working along lines which will give us a fair share of the China market in the future.

Mr. Howard: Mr. Chairman, I wonder if I could direct a question to the hon. member who has just spoken? If I understood him correctly, the hon. gentleman said that we cannot at the present time recognize China. Would the hon. member care to elaborate and say why we cannot?

Mr. Broome: No.

Mr. McIlraith: Mr. Chairman, I should like to take a moment or two of the committee's time in order to complete two points that I had not concluded when my allowance of time expired earlier in this debate this afternoon.

I was speaking near the conclusion of my remarks about the minister's statement with respect to West Indies trade. I agreed with him about the importance of that subject and made reference to the fact that I have a notice of motion standing in my name on the order paper dealing with this subject and that I proposed to make my main remarks pertaining to it on that occasion.

I did, however, want to say something about the minister's remarks in this connection which were important for two reasons. He outlined the historical development of that trade, told of its growth and stressed its importance but he did not elaborate on the policy with respect to the development of our trade with that area. I had hoped he would do so not only because of the general importance of the subject but because of its particular importance to the maritime region.

The one point I want to make clear is the significance of his omission to deal with Canada's part in that trade. We have a trade agreement dating back to the twenties and have participated in the West Indies trade liberalization program. The minister mentioned those things but did not mention the one really significant step we have taken since the government of which he is a

member took office and that is the withdrawal of the tremendous aid we have been giving that area through providing shipping for the major part of the trade between Canada and that country. It did not apply to bauxite and certain items of that nature. I refer specifically to the Canadian National Steamships vessels which operated for years.

It is perfectly true that they were not operating at a profit and had to be subsidized. If I remember correctly the Minister of Transport said that the subsidy we were paying was $200,000 a year and that it would rise to double that amount this year. I have not checked that figure today and stand to be corrected by the minister if I have misquoted the facts. But the real crux of the matter is this. As was stated by the Minister of Trade and Commerce, the Federation of the West Indies has just come into being. They are encountering all the difficulties inherent in a country achieving a new status and entering a new period of development. At that strategic moment in the development of that area Canada discontinued the one form of aid it had been giving the West Indies. No satisfactory explanation was given in this house for the discontinuance of the aid when the Minister of Transport discussed the withdrawal of the Canadian National Steamships service and no reference was made to it whatever today by the Minister of Trade and Commerce. I respectfully suggest that it is of such importance to the trade to warrant better treatment than that. Many people in this country hold the view that this action was taken without mature and careful consideration.

It may well have been that as time went on something different would have had to be done about the arrangements than was being done but surely the time to take the decision to discontinue that service and sell the ships was not at this period in the history of the development of that area. Canada is providing a new ship which is now under construction, I believe, for trade within that area but while it is needed and represents a good gesture it is as nothing compared with the foreign trade aspect of shipping being serviced by the Canadian National Steamships lines.

In the relationship to trade this is not a subject that should be brushed aside. I have the strongest condemnation of the government for their arbitrary action. When the Minister of Transport was dealing with this—and I wish he were here now so that he could answer these remarks—I rather got the impression that he lost his patience rather quickly because of some labour difficulties that management of the steamship company were having at the time and he took precipitate action which the facts did not warrant. I rather got the impression, due to his characteristics in answering the questions that were put to him, that he did not adequately consider the question of disposal of those ships and the method of disposal, to what area they would be sent, and so on. I do not know whether he considered the question of disposal of them to the West Indies federation, or to any of the component parts of the federation, or even the gift of one of them to the federation or to one of the component parts of the federation.

The other point I wanted to deal with very briefly was the minister's remarks pertaining to the balance of trade and the figures he quoted with apparent satisfaction. He gave the figures of exports to the United States. Our exports to the United States were down in May a bit. He spoke about that subject. There is a problem of imbalance of payments between Canada and the United States. He dealt with the imbalance of commodity figures—trade—between Canada and the United States. But one very significant factor in what he quoted is the apparent improvement, in that he said there was a lessening of the deficit, and that is this. If he will analyse figures he will find that one of the reasons for that apparent improvement, or what I took from his remarks on trade as an improvement, is the sharp decline in the import of heavy capital goods to develop this country. The reason for that sharp decline in the imports of heavy capital goods is that we in this country, unfortunately, are suffering a business recession and the development that we would all wish to see going on, requiring heavy industrial machinery and the like, is not going on. To quote figures, to refer to that fact in a way that would indicate approval is to do something that is regrettable or, should I say, not to quote the figures, to omit to quote them, is to do something that is unfortunate.

Then there was another aspect of the matter of balance of trade that concerned me. The minister, when he spoke, made reference to the exports to the United Kingdom and to the commonwealth, and so on. There was the question of the exports to Asia and to India in particular. The regular exports of wheat, and the exports of wheat under the Colombo plan and the exports under that special agreement where there was a loan providing for repayment over a seven-year period were a substantial factor but it is quite wrong, Mr. Chairman, to mix up the problem the country faces concerning balance of payments with the difference in exports and imports in commodity trade figures and

use the two terms as if they were synonymous because the Colombo plan figures show in the wheat aspect as exports but there is no payment in cash. That is a contribution properly made by the taxpayers of this country for a very laudable purpose and objective. It should not be lost sight of when one is speaking about the difficulties we have in the balance of payments, and the same thing goes, to a lesser extent, with these figures where the trade is financed by long-term loans.

Incidentally, there was another matter in using the wheat figures and I wish the minister had gone a little farther and completed the subject. There was the matter of the export of wheat to Russia, which was reflected in this year's figures. As I understand it, the export of wheat to Russia was under a 3-year agreement. I believe that the 1957 portion was not taken but is in the 1958 figures. If we are to discuss wheat exports intelligently those factors have to be acknowledged and dealt with. Wheat export is of tremendous significance to the economy of this country and I would hope that in its discussion those aspects could be brought forward fully and completely. Because shipments are made at a certain time under a certain laudable aid program and show in the export figures, that figure should not be used as an argument in dealing with the balance of payments problem which is another very real problem we have to face.

I will not encroach on the time of the committee further at this time. I am grateful to the committee for hearing me so soon after my earlier remarks, but I did want to complete that portion of my remarks at an early stage because they related directly to the minister's statement.

Mr. Pickersgill: Mr. Chairman, I want to talk about the trade in one particular commodity, but before doing so I should like to say how heartily I agree with the hon. member for Ottawa West in welcoming the omission in the statement of the minister of any reference to trade diversion. I hope we have heard the last of that fallacy and I believe it will be remembered in history as the great diversion which became the great deception.

The commodity that I want to talk about is fish, and particularly salt codfish. In his statement the minister passed rather lightly over the difficulties being experienced by the salt codfish industry at the present time. I want to be quite fair. The minister did say difficulties were being experienced but he expressed the hope—which he has expressed before during this session—that those difficulties would be overcome. However, the minister gave us no information as to any plans he had for overcoming them, nor did he give any real appreciation of the vital importance of this particular export which is, of course, the oldest of all our exports and which I believe is still, so far as the proportion of the total production which has to be exported if there is to be found any market for it at all, one of those which enters most largely into world trade.

I do remember being somewhat surprised about 20 years ago when I first came to Ottawa from Manitoba and first began to hear about salt codfish when someone from the maritime provinces pointed out that in the old Canada before 1949 the proportion of salt codfish exported to the total production was exactly the same as it was of wheat. Of course, now that Newfoundland is a part of Canada the proportion of salt codfish which has to find a market abroad if it is to find any market at all is much higher than the proportion of wheat. Salt codfish to many parts of the Atlantic provinces is every bit as important as wheat is to western Canada, and I am sure the minister will agree with that view.

But we have had very little evidence so far in the house that the government has taken action consonant with the importance of the codfish industry to a very considerable section of the country. I remember I read with some surprise in the St. John's *News* of July 8, 1957, just over a year ago, the first statement about the famous diversion policy that the Prime Minister made when he came from his aircraft to the press gallery without previously consulting his colleagues on his return from the United Kingdom, a statement which I think will rank in history as one of the most foolish statements ever made by a Canadian prime minister.

In the course of that interview, as reported in the Canadian Press dispatch which appeared in the St. John's *News*, the Prime Minister was being asked some questions about the proposed British adhesion to a free trade area which would surround the European common market which had, at that time, just been agreed upon by six European nations. I quote part of the article as it appeared in the paper:

> Discussing Britain's participation in the proposed European free market, Mr. Diefenbaker said Canada would take a "benevolent" view of this so long as commonwealth farm products were not included. He added that Britain also is inclined this way, though some of the continental countries are not, and that the U.K. realizes such inclusion would be serious not only for Canada but also for Australia and New Zealand. He was asked whether he

would include fish in the commodities that should be excluded. "I don't think that's a very serious matter," he said.

I know that the Prime Minister did not mean, and I do not want to misrepresent him by suggesting he meant that he did not think fish was a very serious matter. What he meant was that he did not think fish was a very serious matter in relation to the proposed European free trade area. That is a view with which I cannot agree and I certainly hope that the Minister of Trade and Commerce will tell us before the debate closes on his estimates that he does not agree with it either.

The common market, as the minister very well knows, includes France and Italy and, as the minister also knows, France has a base for its salt codfish production in North America in the islands of St. Pierre and Miquelon. Now that there is to be a common market between France and Italy and certain other European countries there will, of course, be a common tariff and the difficulties we have experienced over the years in disposing in Italy of a proportion of our Newfoundland salt fish production are likely to be increased if the greatest care, forethought and attention are not given to every aspect of this problem by the government at all times. That is why—I do not intend to transgress the rules by debating this now; I merely point it out—we on this side of the house were so shocked when the Minister of Finance announced the other day in his budget that he was hoping to negotiate with GATT to increase the most favoured nation tariff on woollen cloth.

Woollen cloth has become one of the increasingly important exports from Italy which is, of course, one of our best customers not only for fish but also for wheat, flour and a considerable number of other products. It is also a country where we sell a great deal more than we buy. We do not feel, particularly at this time, when, because of the common market, the Italian market for fish needs to be safeguarded more jealously and carefully than ever, that anything should be done by the government to affect the exports of Italy to Canada which might invite retaliation or the possibility of retaliation. I can assure the minister that all of us who represent fishing constituencies in eastern Canada will feel very apprehensive about this aspect of that particular situation.

I read yesterday in the St. John's *Telegram* of July 9 that NAFEL, the sales agency for Newfoundland salt fish, had signed a contract for the sale of 40,000 quintals of salt codfish to Italy this year which is the same quantity as was sold last year. The article goes on to point out that it is very important that fishermen should deliver fish of Italian quality and in sufficient quantity early enough to make possible a shipment to Italy in August. There were certain unfortunate events, of which I am sure the minister is aware, in connection with our shipments to Italy last year which no one wants to see repeated this year.

It is true, because the fishermen are no longer making fish themselves in the quantities they used to make it and more and more of it is being sold to fish plants that the amount of fish of the quality required in the Italian market has been decreasing. The more it decreases and the more fish of a quality which has to be sold in the Caribbean market is produced in its stead the greater are the difficulties of selling our fish and the greater is the possibility of having overhanging the market a surplus of the kind of fish that can be sold in the West Indies but cannot be sold in Europe, together with a shortage of fish to satisfy the European market.

I know it is not directly the problem of the Minister of Trade and Commerce, because of the peculiar division of responsibilities we have in this field, to provide incentives for the production of the kind of article we have to sell. That is his responsibility in the case of wheat; it is not in the case of fish. But I would urge the minister, and I intend on an appropriate occasion to urge the Minister of Fisheries too, to urge his colleagues to consider very carefully whether it would not be in the over-all interests of our fish exports to consider for a few years at least incentive payments for the kind of fish which will satisfy the Italian and Spanish markets until such time as that quality of fish can be produced efficiently and economically in the fish plants so that we will not lose these markets, so that we will tide ourselves over this period of transition with which I am sure the minister is familiar.

There was another very serious blow to our fish exports this year of which, of course, the minister is thoroughly aware. As long ago as November 8 in the last parliament the hon. member for Burin-Burgeo asked the minister about this matter and at that time the minister expressed the hope that something could be done to avert the loss of the Jamaican market. Unhappily the minister was not successful in his efforts and we have lost that market completely for the six months which began on July 1 of this year. We have lost it because the Icelanders have underbid us in that market.

I am not sure whether or not the minister is familiar with the degree to which the Icelandic production is subsidized. It is subsidized at a rate which it is hard to believe

a country as small and as lacking in material wealth as Iceland is, could possibly carry on for any considerable length of time. But the fact remains that the loss of the Jamaican market, which has been one of the best and most stable markets for Newfoundland fish since time immemorial, is a very serious blow to the whole industry. The loss of this market is the result of non-economic competition of a character at least as objectionable as the competition from another country in the wheat market, to which hon. gentlemen on the treasury benches have taken such strong exception in times past.

I do suggest to the minister that, if it is necessary to do so, extraordinary means should be adopted by the government to recover this market. If it is not recovered, if the Canadian producers of salt codfish have to try to find a market in the remaining Caribbean areas, then the results will be serious because we are having to meet subsidized competition from France and Norway in particular in those markets. As the minister knows, for many years we have not been able, because of currency restrictions and exchange controls that he mentioned, to sell fish in Brazil or the other places. The minister indicated another effort was being made to get back into that market. I wish him every success in this effort.

The fact of the matter is that in this salt fish industry, because of the current high levels of unemployment in the Atlantic provinces and because also of the action of the previous administration in inaugurating unemployment insurance for fishermen, we have had a considerable number of men return to the fishing industry. It is estimated that in Newfoundland perhaps 2,000 additional fishermen are engaged in this industry this year. It is of the utmost importance, if the industry is not to face a very serious condition with a very large surplus overhanging the market, that something be done not merely to hold the markets we have but to recover the market in Jamaica and to get back, if we possibly can, into the market in Brazil. Above all, everything should be done to hold and expand the more lucrative European market.

It is for the purpose of drawing to the attention not merely of the minister and the government but of all hon. members, the plight of this industry, the oldest industry in our country, that I speak at this time.

This industry does not rank as high as many others in total monetary value of exports, but it is fair to say that for every thousand dollars of exports more employment is probably created by this industry than any other industry that we have in the country.

[Mr. Pickersgill.]

A special effort should be made to meet the big problems which this industry faces. One of those problems, as the minister knows, is that the price which is received for fish is set in a world market. There is no way in which the fishermen can get any protection, and yet for most of the things our fishermen have to buy, they not only have to pay the price of goods produced in a protected market but in many cases the price of goods that are produced in the central part of Canada which, in many cases, is higher than the price of those goods in the markets in central Canada. I am sure the minister is very familiar with this argument, coming as he does from the part of the country in which he and I lived for so long.

The minister said he hoped we could get back into the Jamaican market if we could meet the prices which our competitors might be willing to quote in that market. It may be that we will not be able to meet those prices any better on the 1st of January than we were on the 1st of July, not because our fishermen are not producing as efficiently as they could, not because we are not trying to cut costs wherever we can, but because the government of another country is subsidizing the exports, as is certainly the case now with Icelandic exports to Jamaica. As the minister knows, we in Canada are a very considerable customer of Jamaica. I should be very surprised indeed if the people of Iceland provide a very large market for Jamaica. It does seem to me, and I am not suggesting any kind of threat or anything of that sort, that this is a rather powerful argument for the minister's officials to use in any discussions of this subject in the West Indies.

I think some of us, on this side of the house at least, will have something more to say about this subject when the motion standing in the name of the hon. member for Ottawa West comes up for debate, we hope next Monday. In the meantime, I wanted to bring the minister's attention to this problem as forcibly as I could. This minister said, quite correctly, that the market was very good at the moment for fresh and frozen fish. Experience tells us this condition will be influenced by the price of meat generally, but the price of beef particularly. I am told by people with long experience in the fish trade that when the price of beef goes up, the market for fish rises. If the price of beef falls, the market for fish generally falls too, in areas like the United States where consumers can readily shift from one product to another. I think all of us, not only the members from the Atlantic provinces and the minister himself, but from the greater part of Canada, are very apprehensive about that question, the shortage of fodder in western

Canada; the danger of mass sellings and mass slaughterings of cattle, and the danger to our cattle trade. I would add thereby also to our fresh fish exporters. Then again, if the quantity of fresh and frozen fish we could export declined, there would be that much more pressure on the salt fish market.

All of these things are tied together. I do hope the minister will use his influence with his colleagues, and I am sure he will in this case, to take every precaution, including if necessary increasing our imports from the United States, in order to assure an adequate supply of fodder so we can maintain our cattle, maintain orderly markets for cattle in the United States which are important, not only to the farmers who produce cattle but also to the fishermen who sell fish in the United States.

Mr. Macnaughton: Mr. Chairman, living as I do almost 1,000 miles from the sea, I could certainly not claim to be a salt water fisherman or know too much about codfish in general. However, I have listened with a great deal of interest to the remarks made by my colleague the hon. member for Bonavista-Twillingate, and listened to him point out the danger to the fishing industry on the east coast of Canada. It so happens that the other day I did receive a little bit of detailed information on the trade between this country and Italy and it seems to fit right in now. I think it might be interesting to consider that the deficit of Italy in her trading balance with Canada appears to be steadily growing and that certainly is not what we desire if we wish to increase our trade with all nations, as the minister so ably outlined this afternoon.

But there is great concern, I know from the correspondence I have received, in Italy at this steadily growing imbalance of trade between Italy and Canada. For example, it has increased from $9.1 million in 1955 to $12.8 million in 1956 to $16.1 million in the first half of 1957 and I suppose that as of the present the imbalance of trade between the two countries is even greater. This growing imbalance of trade between the two countries is causing a great deal of concern in Italy itself. In fact, my correspondence indicates to me that they are considerably disturbed about the protectionist tendencies that this present government seems to be formulating in its general trade policies. This is being given considerable display in the trade papers in Italy itself. I am advised that it would hardly be surprising if this did not lead to a reappraisal of Italian policy concerning Canadian imports, especially with respect to the import of codfish. That is all I want to say on that point at the moment.

What I should like to bring to the attention of the minister is a subject which he, for one reason or another, did not include in his speech. I am very glad that at long last he has decided to make a report to parliament. I believe this is the first one since the present government took office some time ago. In any event, if you will refer to the throne speech given on May 12 of this year, you will see that in one paragraph it refers to small business and states as follows:

> In order to assist small business, there will be established a small business section within the administrative machinery of government. The functions of this organization will be to provide liaison between the government and small businesses, to study the problems of small business and to advise on measures necessary to meet them.

The Minister of Justice on June 11 of this year was speaking to the retail merchants association of Canada at Vancouver and a report published in the Toronto *Telegram* of June 11 reads:

> Justice Minister Fulton has outlined to retailers federal plans to help small businessmen solve their problems.

Then it goes on further to say he was speaking to the Retail Merchants Association of Canada and that he said:

> —the government is proceeding "at once" to set up a small business section in government.

And so on and so forth.

> Mr. Fulton said the government's new section will provide a liaison between government and business and recommend measures to help small businesses including the terms of a loan fund.

If we go back to some of the promises that were made by the Prime Minister in the recent campaign—and I am dealing only with the recent campaign, not the first so-called campaign—we find that according to a Canadian Press dispatch in the Montreal *Star* of March 18, 1958, the Prime Minister speaking at Selkirk, Manitoba, on March 17 last said the government would set up a special branch to help small business obtain a fair share of government contracts and financial aid to expand.

There was no mention of any particular measure which the present government proposes to take with regard to assisting small business and certainly not with regard to giving any financial assistance. Yet that was one of their major points; and certainly according to the evidence that we have, and according to the minister's own statements on various occasions, I believe that small business accounts for about 50 per cent of domestic trade in this country. If that is true, it seems to me that now is the time for the government to live up to its promises with regard not only to acting as a liaison between small business and government—I am not suggesting that the government indulge in wholesale handing out of contracts except by

tender—but to advancing some proposal as it promised to assist financially small business.

As we well know, the previous government set up a small business department. I believe it was started under the department of reconstruction many years ago and it has been of material assistance to small business throughout Canada by the providing of information, by bringing people together and by assisting generally small businessmen who wanted to make an approach to government and who wanted to get certain research facilities without being obliged to go to the considerable expense of doing the research themselves. So I ask the minister what about this pledge given to the people of this country in the throne speech. What does his department propose to do with regard to assisting small business in his country? There will be ample opportunity, I hope, to ask various leading questions of the minister in an effort to try to get some information which is not necessarily political in character but is with regard to trade itself.

We have heard ad nauseam this proposal to divert 15 per cent of Canada's trade from the United States to the United Kingdom and it has been expanded into an expansion of or increase in export trade for this country; but the basic fact remains that the statement was made that this government proposes to divert 15 per cent of our trade with the United States to the United Kingdom or in other words $650 million per year. That is a disturbing statement or a disturbing fact, if it is true. If it is not true, I think the time has come to deny it once for all. Certainly the minister's words were these, as I took them down today, when he said that what we want is diversification—of course we do—because it will mean a better balance of trade—of course it will. He says we want expansion of foreign trade, that we want to co-operate with all, and that we want to remove discrimination. Yet at the same time when we hear rumours throughout of a proposed imposition of a dumping proposal, needless to say traders and businessmen in this country are considerably disturbed.

We have dealt with the question of trade with Canada and the United States at some length on other occasions; 70 per cent of our imports from the United States, 60 per cent of our exports to the United States with a deficit of $1,001,000,000. But the minister in a statement given to the Boston *Post*, I think it was, said that in spite of our desire to diversify our trade, we must do nothing to lessen the over-all total. As I say, this ridiculous suggestion of diverting trade from one country to another, when we as the fourth trading nation in the world should be bending every effort to expand our trade, should be scotched once for all.

Frequently in this house we have heard the suggestion advanced by the present government that trade should be decentralized from the central provinces to the west and to the east. Has the minister anything to say with regard to that proposal? Has he any policy to advocate in that regard? We also heard a great deal about the trade mission to Britain and all of us wish to increase trade with Great Britain. I hope no one will misunderstand me on that score.

We have, however, received no report from the minister himself in this particular respect. We have had a mission sent over to England, which mission has submitted its report, and that report is very interesting. Under heading No. 6 of the conclusions of the report, "factors affecting British trade in Canada" it refers to the proposal of protection. This is in the last paragraph, namely No. 24, and it says that undoubtedly a number of United Kingdom manufacturers are uneasy about dumping regulations and fair market value and that some do not entirely appreciate the procedures involved.

What we want to know is how the minister is able to get on his feet in this house and propose that we must take every possible step to increase trade with other countries, and at the same time talk about diverting trade from the United States to the United Kingdom, and also at the same time imply that there may be levied subsequently certain dumping duties which, as anyone knows, will only bring about a measure of restriction to trade and will do nothing to increase trade with other countries. We think we should have an explanation of the present government's policy from the minister at this time.

The minister himself referred to the necessity for exhibitions and how they have brought Canadian goods to the attention of foreign purchasers. I am assuming the minister has already visited the Canadian exhibition at the current Brussels trade fair and I think the time has come for him to tell us something about his impressions of our exhibit at that fair. My own opinion is that we ought to go into the fair business on a much larger scale, that it is a measure used by European traders to display their goods and to procure contracts for trade between themselves and other countries. I believe we are lagging in this respect and, as I say, I would like to hear the minister's impressions of our exhibit at Brussels.

There are many other things which I propose to raise in due course but at the present time I wish to thank the minister for having, at long last, brought down a report on his

department and I wish to state that I hope before long he will outline his policy so that the businessmen of our country may know in which direction we are going.

Mr. Eudes: There is just one question I would like to raise in view of the remarks of the hon. member for Ottawa West. I would like the minister to comment on articles which have appeared recently in Montreal newspapers to the effect that oil refineries established in Montreal for some years, having spent millions of dollars to expand the industry in that area, are being forced to go west in order to gain supplies of crude oil. Would the minister also explain how this movement of the oil refineries from the city of Montreal and area will help to solve the acute unemployment problem which exists in that metropolis and will improve the declining economic situation?

Mr. Churchill: Mr. Chairman, in reply to the hon. member, this is not a subject which is of immediate concern to the Department of Trade and Commerce. We are dealing with estimates and I have no supervision over the oil refineries or where they are situated in this country.

Mr. Peters: There is only one small point which I would like to raise which has been raised by other members of this group in previous years, particularly the hon. member for Kindersley. This concerns the standardization of weights and measures and sizes of products manufactured in Canada.

I am quite sure that every hon. member has gone downtown and has purchased or has intended to purchase a pair of shoes or a shirt or particularly children's clothing. When they walk into a store they expect that if they buy a child's shirt size six it is going to fit a child aged six but when they get it home it will fit a child three years of age or a child of eight or nine. This has, for a number of years, caused a good deal of concern to every housewife and, I am quite sure, to other people. When you enter a store to buy a pair of shoes, for example, and you recall that the last time you bought a pair of size nine it was a good fit, you expect that that size will still fit. If it does not, it does not necessarily mean that your feet have grown bigger, it simply means that the manufacturer did not use a standard measurement for his product. This has been a big problem in respect to our trade, particularly in connection with items of wearing apparel, and also in relation to imported goods. I am quite sure that the people of Canada would appreciate something being done to standardize many commodities.

There is another aspect of standardization to which I would like to draw the attention of the minister and that is with respect to Canadian produced goods. Shirts, for instance, are sometimes labelled 100 per cent wool while in many cases they are made of fabricated material and have no connection with sheep. Similarly, when a product is labelled washable or unshrinkable the Canadian people, in my opinion, have the right to assume that that product will meet with the standards implied by its label. We all know that this is not always so.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Howard: Mr. Chairman, before I proceed to make any formal comments about the general question of trade, I should like to express my thanks to the hon. member for Vancouver South for the rather timid endorsation he made of C.C.F. policy a while ago, and also express my appreciation for the few statistics he placed on the record regarding the total amount of trade with China in terms of dollars. It is most unfortunate, however, that he used only figures relating to the last few years for if he had gone back farther than just a few years we would have had a much clearer picture of the trading relationship between Canada and China in terms of dollar value.

One important statement the hon. gentleman made which I believe requires a great deal of amplification or explanation was to the effect that we cannot now recognize in a diplomatic way the government of red China. Hon. members will recall that I asked him if he would care to elaborate on why we cannot and he declined my invitation. If there was any reason behind his making the definite statement that we cannot now undertake to recognize China in a formal and diplomatic fashion I would appreciate it very much if at some future time in this particular vote the minister would undertake to explain whether or not the attitude expressed by the hon. member for Vancouver South represents the policy of the government, and I make that request being fully cognizant of the fact that this is not a debate on external affairs nor a discussion of the estimates of that department.

If it is the policy of the government that we cannot recognize China diplomatically I believe this country is entitled to a clear explanation of this position. Although this is not the time for a discussion on external affairs, as I have said, I think we should be allowed a bit of leeway in discussing the question of the diplomatic recognition of a

country because it has a direct bearing on our trade relationship with the countries of the world and in this case with China. I hope, Mr. Chairman, you will allow us to pursue the question of diplomatic recognition to the extent of permitting the minister to explain the position of the government and the reason for its taking that position with respect to expanded trade with red China.

The general tenor of the minister's opening remarks was that Canada is a trading nation and depends on export markets for a great deal of its economic stability—or instability, whichever it happens to be at a given moment—and I believe he said that one out of five persons employed in Canada was employed because of export trade, or if you prefer having it expressed in this fashion, 20 per cent of our economy is dependent upon our export markets.

I intend to confine my remarks on this vote to the attitude of the government—as hon. members may have expected—as it relates to our trading relations with red China. I do so for a number of reasons, probably the most important of which is that China embraces 25 or 30 per cent of the world's population and if the birth rate continues at its present level it will constitute an even greater percentage of the world's population in years to come.

Another important reason for confining my remarks to our relationship with red China is that coming from British Columbia and having some familiarity with the lumber industry—having worked in and around it for eight or ten years—it naturally has a strong personal appeal for me. Lumber, as many hon. gentlemen know, accounts for 35 to 40 per cent of the total economy of the province of British Columbia. That percentage is an indefinite figure. I do not know if anybody can come up with an absolute figure to represent the percentage of the economy of British Columbia that is dependent on the lumber industry because of its extensive ramifications but I believe that 35 to 40 per cent is a generally accepted estimate of the relationship of the lumber industry to the balance of the economy of the province of British Columbia.

One of the best known persons in the lumber industry in British Columbia is Mr. H. R. MacMillan who was head of MacMillan and Bloedel a lumber firm which is one of the largest integrated lumber concerns in the world, I believe second only to the Weyerhauser interests in the United States. For a number of years we in the C.C.F. have been insisting upon formal recognition being given by Canada of the Peoples' Republic of China and secondly upon the expansion of our trade with that country. We were ridiculed on many occasions for having taken that stand. We were accused of being fellow travellers and merely wanting to support the communist ideology which is an accusation, I think, very few people would make today. Nevertheless that was the accusation that was made against us some years ago.

Mr. MacMillan would not, I think, be one who would have such an accusation directed against him. He made a visit to China not too long ago and upon his return one of his statements was that China is in need of lumber, that we can sell lumber to China and that we should expand our trade to China in terms of lumber. By confining my remarks in this context to lumber I do not want it to be construed that I am implying that wheat and other commodities should not be sold to that country or that the same amount of effort should not be put into selling other products there.

Reference has been made to Mr. Muir, president of the Royal Bank of Canada, who recently returned from a tour of China. His remarks and opinions have become well known throughout the nation and have been mentioned in this house on a number of occasions. I do not believe it is necessary for me to reiterate them or point out the great emphasis he placed on the necessity of expanding trade with that country and I shall refrain from doing so with the exception of re-emphasizing Mr. Muir's comments to the effect that it was galling to see other western nations drumming up business in China while we sat back and were not participating in this. It is significant to note that Mr. Muir made no mention of who these other western nations were but I think we can take it that one of them naturally would be the United Kingdom who extended the diplomatic courtesy to China some years ago and as a result of that has been increasing its total amount of trade with that country almost ever since it first extended diplomatic recognition. These figures were put on the record today by my friend from Vancouver South. I wish that he had undertaken to make some reference to the dollar trade that existed between Canada and China prior to the war.

An article in *Canadian Business* of October, 1957, plumped for two things: one, extended trade; and, two, the question of diplomatic recognition. It pointed out that prior to the war Canada's trade with China, only as it related to lumber and lumber products, averaged $29 million a year. That was the average of our exports to China prior to the war compared with a figure of $1,700,000 for the total of all products, most of which I understand was ammonium sulphate. This

figure was mentioned this afternoon. It gives some indication to the committee of the great need which exists in China for lumber. I should like to refer to some figures which I have prepared and some figures which have been quoted. China's minister of forestry, whose name is Liang Hsi, commented upon China's needs for timber. This is the statement:

By the end of the second five-year plan China will need 47 million cubic metres of timber a year.

To convert cubic metres into understandable terms so far as we apply them in British Columbia or in Canada, and thinking in terms of a thousand feet board measure, we can use two methods to turn the 47 million cubic metres into Canadian measurement units. It depends on whether he was talking about ordinary log measurement or about processed, finished lumber measurement. If he was referring to the requirement of 47 million cubic metres in terms of whole log measurements and if we convert that to board feet we find that their annual requirements would be 10,340 million board feet per year; that is, in whole log requirements. Incidentally, that is twice as much as the total average annual cut for the entire province of British Columbia in any one year over the past four or five years. If he was talking in terms of finished lumber, then we have to use another conversion factor and we come up with approximately 19½ billion board feet requirement a year for China. In China they have a bit more accessible forest acreage than we have in British Columbia but they certainly have far less than Canada has in terms of accessible forest acreage, and their total production is far less also, even if they were fully exploiting their timber resources, which they are not, they would not come anywhere near filling the requirements of that nation.

Quite frankly, Mr. Chairman, the minister is still missing the boat in promoting the sale of goods—not only lumber but other goods as well—to China. I merely mention lumber because of its proximity and its value to the province from which I come.

Today a delegation from the united electrical workers met the cabinet and presented a brief suggesting a number of ways to overcome what they can foresee to be a more serious slump than exists now in the electrical goods manufacturing industry. Part of their suggestion related to expanding trade, and China was one of the countries mentioned by the united electrical workers in their brief to the government.

In his comments upon returning from China Mr. Muir mentioned the tremendous hydro electric projects which are taking place in that country in the gradual electrification of that nation. I asked the officials of the united electrical workers whether they had made any surveys or studies from a statistical point of view of the requirements of China in as much as they suggested we should trade with that country. They said yes, they had made such a survey and that there was a tremendous market in China for goods made and produced in Canada by their members; that is, electrical goods in the heavy electrical field and in the smaller electrical field. They pointed out that China had on its own—and this is an anomalous situation—been able to produce some types of electrical equipment required in their electrification program to the point that they were now exporting those things themselves, but there was still a vast amount of electrical commodities that could be sold to China if we would only attempt to do so.

During the throne speech debate reference was made to the necessity of trading with China, not only by myself but by some other hon. members in this house and they all do not sit with the C.C.F. It was pointed out that unless Canada stepped into the field of attempting to trade with China, unless we break our ties in this regard with the United States, unless we follow the lead that was shown a number of years ago by the United Kingdom in extending formal diplomatic recognition to that country's government, unless we embark on an extensive trading relationship program with them, we are going to be left behind the eight ball when the United States government and industry get ready to move on the question of recognition and on the question of trade. Many people may laugh and say that they have laws down there that prevent trading with China; they cannot sell anything over there. In fact those laws are so fierce that they even extend beyond the boundaries of the United States and affect Canadian companies as well so that those Canadian companies cannot trade with or sell goods to China. But a number of very interesting things have happened in recent years. The attitude of the federal government of the United States has begun to soften from its previously unalterable stand of not recognizing China. John Foster Dulles, their secretary of state, has backwatered a little bit.

This would bear some pretty extensive investigation by the Department of Trade and Commerce which I am sure the minister would instigate to see just what steps are being taken in the United States to expand their trade with China. Not too long ago a corporation was established there called The

Two Continents Commodities Corporation of New York. I do not know whether "of New York" merely means where it is located or whether "of New York" is a part of its incorporated name, but this New York firm was formed in the hope of being able eventually to participate in import and export trade with China. It is of the opinion that at present China is very short of lumber. It points out that the United States was formerly China's main source of supply but that no lumber has gone to that country from the job-short west coast ports since the state department imposed its embargo. They are talking about the west coast of the United States and that part of that country produces precisely the same type of lumber that we in Canada produce on our west coast in the douglas fir, hemlock and spruce belt.

There is a move afoot among businessmen and trading people in the United States to expand trade with China. We know that to a great degree the United States is dependent upon its export markets for the stability of its economy. We know that we are also. I say to the minister with all the sincerity I can possibly show that this is not just a question of attempting to blow some ideological horn but simply a straight question of economic facts and in our opinion we have got to extend diplomatic recognition to that country first so that we will be in a position to capitalize on our great need to expand our export trade with that country.

If we do not take these steps the United States will and when they do we will find ourselves in the usual position of then complaining about some action of the United States as we have been complaining about actions of that country in other fields recently only to find that it is too late. I hope that if and when the minister rises to reply to the general remarks that have been made he will undertake particularly to explain the position of the government as it relates to the definite statement by the hon. member for Vancouver South that the government cannot recognize red China. I hope he will explain why it cannot when he rises to reply to these comments.

Mr. Carter: Mr. Chairman, I should like to join with the other members who have congratulated the Minister of Trade and Commerce on giving us a long awaited statement on the trade policy of the government. I want to go even a little farther and thank him for his assurance that the present policy of the government is to expand trade with all parts of the world in contrast to the diversionist policy about which we heard so much in the past two elections. If there is one tenet of political faith that has distinguished the Liberal party from all other political parties it certainly has been our stand on world trade. The Liberal party has always stood for the expansion of world trade in all directions and to all parts of the world so as to build up as far as possible a great world trading community. The statement of the minister this afternoon in which he gave us the assurance that this was now the policy of the government has gladdened not only the hearts of my colleagues on this side of the house but I am sure of all the people of Canada.

The minister emphasized quite rightly the importance of trade in the economy of our country and its impact on the employment situation. If trade is important to Canada as a whole it is doubly so to the maritime provinces which had to sacrifice their trading position in the markets of the world in order to make Canada a nation. What is true of the maritime provinces is even more true of the province of Newfoundland which since 1949 has become a captive market.

Prior to 1949 we were able to trade in the world markets and take advantage of the best bargains that we could obtain but since 1949 we have been compelled to make the bulk of our purchases from mainland Canada. If the trade of Newfoundland were to be compared with our trade with foreign countries I think it would be shown that Newfoundland would be the equivalent of Canada's second or third best trading customer because the value of our trade as a province with mainland Canada must run somewhere around $200 million or more a year.

In Newfoundland we have some small industries we are trying to develop and which, as in other parts of Canada, we must develop if we are going to provide jobs for the increase in our population. But the development of those industries depends almost entirely upon our ability to sell our products either on the mainland or in world markets. In that respect we are very greatly handicapped because of our geographical position and the terrific transportation costs which are a greater handicap to us than to any other part of Canada. At other times in the house I have stressed the importance of helping these local industries where possible by making defence purchases locally and by granting them defence contracts in products which we are able to supply.

I have pointed out on earlier occasions how we are not able to compete on tenders because our transportation costs more than offset our lower factory prices. I brought up this matter in the defence committee and asked if some special preference could not be given to local industries in the maritimes and Newfoundland. I was told that if this were done it

would be as much a handicap as an advantage. I then discussed the problem with Mr. Donald Gordon in the railway committee and he pointed out that his hands were tied by certain laws which prevented him from discriminating between one part of Canada and another. Whatever rate he made for Newfoundland would have to apply to the same commodity everywhere in Canada.

We seem to be getting up a blind alley but nevertheless there is a definite need for some form of preference if our local industries are to thrive and develop. I know that the minister is a very ingenious person. I hope he will bring his ingenuity to bear on the problem and try to find some way of according preferential treatment to our small local industries in the maritime provinces and Newfoundland.

Since nearly all my constituents are fishermen, Mr. Chairman, like my colleague, the hon. member for Bonavista-Twillingate, I shall confine my remarks mainly to the marketing of fish. Last year Canada produced 1.9 billion pounds of fish. I should like to emphasize that that figure is the landed weight because obviously the processed weight would be very different. That figure was slightly lower than the 2 billion pounds landed weight for the previous year. This volume of fish had a landed value of $93 million. I should like to draw hon. members' attention to the fact that this is the landed value as compared with the $132.5 million which the minister mentioned in his speech this afternoon which, of course, would be the market value of that fish.

Now, of that 1.9 billion pounds of fish landed, 548 million pounds or 28 per cent represented the production of Newfoundland and had a landed value of around $13 million or roughly 14 per cent of the total value. When we compare these figures, even when allowance is made for the different market values of the different species, I think the figures prove that the Newfoundland fisherman is still getting far less than the average landed value of the product he produces.

Of that 548 million pounds, 52.6 million pounds were processed and sold as frozen fillets. This figure represents a decline of 16 per cent from the 62.8 million pounds of frozen fillets which were produced in the previous year. All of these 52.6 million pounds of fish were sold in the United States market. Hon. members will, therefore, appreciate our delight at the minister's statement this afternoon when he stressed that trade relations with the United States were of paramount importance. If they are of paramount importance to the whole of Canada, then that statement is doubly true in so far as Newfoundland is concerned. Any worsening of these trade relations which would motivate reprisals in the United States market, such as the establishment of quotas or setting up tariffs against our fish, would be a tragedy to the fishermen of Newfoundland.

The remainder of that fish was processed with salt and sold in the salt fish markets of the world, either as dried salted fish, wet salted fish or pickled fish. About 100 years ago Newfoundland produced 1.5 million quintals of dried fish. For the benefit of hon. members who might not be familiar with this term, I should explain that a quintal is a hundredweight, 112 pounds of dried fish. From 1930 to 1949 our production of dried salted fish hovered around the one million quintal mark. Some years it went a little above, and some years slightly below. If one averaged it, it would average out at a little more than one million quintals a year.

Since confederation in 1949 that figure has steadily declined until today our production of salt fish is a little over 600,000 quintals, which represents a reduction of about 40 per cent. This reduction has taken place in the face of an increase in world production, and an increase in world consumption of salted fish. The decline has been caused by two factors. One factor was the Marshall plan which came into effect after the war and enabled our customers in the European markets to build modern fishing boats and to produce part of their own consumption. Part of the decline was the result of the impact of confederation on our trading position. Prior to confederation Newfoundland enjoyed the advantage of the best of two possible worlds. We had a dollar currency of our own, we had a surplus of dollars and we had a sterling deficit. Consequently it was possible for us to sell our fish in the sterling markets, use the proceeds to reduce our sterling debt and take the equivalent of that out of our surplus dollars to pay the fishermen.

The marketing machinery which the government had set up made it possible for the fishermen to know exactly how much they were going to get for their catch before they even produced it. After confederation that set of conditions was changed entirely. As a result our salt fish market has steadily worsened, and the position of our fishermen of being able to tell just what the prospects of the fishing industry might be has steadily deteriorated. When we produced a million and a half quintals of dried fish we were able to sell half a million quintals of dried salted fish in the Brazilian market. Last year we sold 27,560 quintals in that market. If we go back to 1953 we see that the market has fluctuated from 17,000 quintals in 1953 to 59,000 in 1954; down to 681 quintals in 1955; down even lower to 446 quintals in 1956 and

up to 27,500 quintals last year. That is a long way from the large market that we used to enjoy in Brazil. We know, as the minister pointed out today, that a large part of this decline was caused by the currency problem from which Brazil is suffering now. But surely, it should be possible for us to do something to help Brazil purchase more of this fish because it is an old and established market. I am not satisfied that we are making any special effort to regain this market which could be of tremendous value so far as Newfoundland is concerned.

Our best market last year was the Caribbean. It took about 48 per cent of our production of salted fish, I think it was about 325,000 quintals. However, we have lost, as the hon. member for Bonavista-Twillingate pointed out today, the valuable market of Jamaica.

Mr. Churchill: Just temporarily.

Mr. Carter: I hope it is temporary, but it will be permanent unless some special measures are taken to safeguard this market and to ensure its recovery. This afternoon, the minister said nothing at all about that.

Mr. Bigg: What are your suggestions?

Mr. McIlraith: Has the government no policy?

Mr. Carter: You make me Minister of Trade and Commerce and I will give you plenty of suggestions.

Mr. Churchill: The hon. member is doing very well now.

Mr. Carter: The Mediterranean market which used to be one of our greatest markets has now dwindled because of the factors which I mentioned a few minutes ago down to about 15 per cent of our catch. Last year we marketed only 120,000 quintals in the whole Mediterrannean area. Of that amount 7½ per cent or 50,000 quintals went to Italy. That fact points up again the necessity of watching our tariff policy so that we do not do anything by way of tariffs to prevent that market in Italy from expanding. As to Portugal, in 1953 we sold there 34,000 quintals of dried fish. In 1954 the amount was down to 25,000 quintals and in 1955 it was 40,000; but in 1956 and 1957 we sold nothing, not a pound.

Mr. Browne (St. John's West): That is not right.

Mr. Carter: Those are the figures.

Mr. Browne (St. John's West): Those figures are not right.

Mr. Carter: The minister can give the correct figures. What we sold to the Portuguese in the last two years is negligible and that in spite of the fact that Portugal would not be able to compete with Newfoundland if we did not provide them with harbour facilities, bait facilities and many other advantages which we give to them. I think we have a bargaining point that we could use with Portugal to better advantage than we are doing at the present time. Thirty-three per cent of our fish was sold in North America, and most of that went to mainland buyers who bought the fish wet salted or in salt bulk condition, reprocessed it and resold it again mainly to the Cuban market.

But here in Canada we have another opportunity of expanding our market for fish. I should like to see a great joint advertising program conducted by the government and the fish trades—possibly the provincial government may come in also but certainly the industry and the federal government—directed towards making this product better known across Canada. Salted fish can be a great delicacy if it is properly cooked. However, I will say that very few Canadians know how to cook it. Nevertheless there are people who are specialists. You can find them in Brazil and in Portugal. I think it would be worth while to bring a few of them over here and to have them travel around Canada cooking a bit of salted fish for our Canadian brothers and getting them to develop a taste for this delicacy.

Mr. Baskin: Where is your apron?

Mr. Carter: I am not a cook, I am a connoisseur. I think that winds up what I wanted to say about salted fish, Mr. Chairman, but there is much more that could be said because there are many factors to be taken into consideration when one comes to discuss the trading policy of a country like Canada. I refer to such factors as exchange rates and problems in connection with conversion of currency. I might say that the premium on the Canadian dollar at this present time is an additional hardship for the fresh fish processors who are obliged to sell their fish wholly in the United States market. There is the problem of stability of currency, of transportation costs to which I have referred and subsidies, indirect and direct, which my friend the hon. member for Bonavista-Twillingate dealt with this afternoon.

Before I sit down I should like to say one word about trade with China. I do not know whether or not we should trade with China and I do not think any one here tonight has enough wisdom to know whether or not we should do so. Certainly if there is one point on which we need divine guidance, this is it. A very good case can be made out for trading with China and a very good case can be

made out for not trading with China. As Macaulay once said, I wish I could be as cocksure about one thing as my hon. friends to my right are about everything.

When we come to consider a matter of this kind I think it really boils down to a question of motive: Why do we want to do it? The rightness or the wrongness or the ultimate good cannot be divorced from our motives, no matter what our action is. I know we have a very popular doctrine which is called enlightened self-interest; and self-interest, as it implies, is based on some selfish purpose, some selfish benefit. If it is selfish, if an action is based solely on something that we are going to get out of it for ourselves, then in the long run it is not in our best interests; and if it is not in our best interests, it is not enlightened. Hence enlightened self-interest is, in my opinion, a term that is contradictory. But whether we do so or whether we do not, I should like to point out this fact. Our friends the red Chinese and our friends the Russians do not act on the motive of self-interest. They are not one bit concerned whether it is going to increase the prosperity of their country, increase their volume of trade, reduce a surplus or anything else. That matter does not count at all with them. Only one thing counts and it is this: Will it further their objective of winning the cold war? Will it further their goals of spreading their philosophy all over the world and enslaving the peoples of the world? We should be equally anxious not only to frustrate that objective but to see to it that we on our part are motivated in the direction that is going to support the way of life to which we all subscribe.

Mr. Nasserden: First of all, Mr. Chairman, I should like to congratulate the Minister of Trade and Commerce and the government generally for their efforts to correct this tendency with regard to trade which has reached such great proportions in recent years as to cause the Canadian people in the space of approximately ten months twice to endorse the policy of this government and to turn a house of about 170 Liberals into a house of approximately 200 Conservative members. This political upheaval in the history of our country is significant, particularly when you consult the record in respect of trade in agricultural products.

Something has been said in this house during this debate about wheat marketings and the wheat marketing policies of this government. I think the hon. member for Ottawa West tried to a certain extent to take some of the credit away from this government for the magnificent job it has done in increasing marketings of grain from this country in world markets. I would like to say a few things in that regard. One thing this government did was to appoint a wheat committee to study this situation and endeavour to take those steps necessary to increase the marketing of grain in the world markets.

During the election campaign I had the pleasure of a visit to my constituency by no less a person than the Leader of the Opposition in this House of Commons. In speaking in one of the towns there he dealt with the problems of trade and agriculture. Among the things he said, as outlined in a press report given wide distribution, was the following:

> I want to mention, finally, one other specific measure that would be of direct and immediate benefit to farmers in western Canada. Liberal governments in the past did their best to ensure the maximum possible sales of Canadian grain, but large surpluses accumulated despite all our efforts —and nobody has been able to show that his efforts would be, or are, any better than ours were,

In this connection I would point out that in 1956-57, 260 million bushels of wheat were marketed and in 1957-58—that is to say, to July 9—296.7 million bushels of wheat were marketed and there still remain 21 days of the marketing season to be taken into account. When he was in my constituency the Leader of the Opposition had other things to say on this subject and I would like to give a further quotation as follows:

> In terms of over-all measures which will aid farmers, next to maintaining a strong domestic economy, is an aggressive sales policy for wheat. While there has been much difficulty in maintaining and increasing farm exports, we assert that Liberal policies of reciprocal removal of trade barriers and of international co-operation hold the greatest promise—and are indispensable in expanding export markets for wheat, other grains, for apples and potatoes, and for livestock products. Because of the present and potential opportunity of our farmers in the great American market, we would propose to encourage and develop that market—and not destroy it by hostility to the United States. Every livestock producer in Canada knows what damage can be done to his sales and prices if he is cut off from the American market and that danger is increased by some of the policies of the present government—

All I can say in that regard is that when this government took office, the sales of livestock to the American market were practically nil. The fact is, if you take a close look at the statistics you cannot help but realize that about the only kind of cattle going into the United States market were purebred cattle at that time, and in regard to his allegation that we were stirring up hostilities I would like to point out that sales to the great United States market have reached proportions unmatched and at prices unmatched in many years.

The hon. member for Burin-Burgeo also had something to say in regard to trade, particularly with respect to China. He did not know whether we should trade with China or not, but his leader knew what he wanted to do. During the election campaign at Cudworth he had this to say:

> We should also press hard to develop more markets—in Asia for instance—including China.

The interesting thing about that, so far as I am concerned, is that I believe he thought we could not sell wheat to China, but hardly had he left the hall before it was announced that wheat sales were being effected to China.

There are a number of things which could be said in this regard but all I wish to say at this time is that with respect to free trade, and I believe every member in this house believes in free trade although the Liberal party thinks that they are the only ones who do. The Liberal party was in power for 22 years and we must remember that when they left office the Canadian government was receiving more revenue from tariffs through the treasury of this country than at any time in this history.

Mr. Pearson: That is true.

Mr. Pickersgill: Because of the volume of our trade.

Mr. Nasserden: This is something we should consider. If I have a cow for sale and you want to buy that cow, free trade ends right there. This is because I am going to try to get as much for that cow as I can and you are going to try to pay as little for it as you can. All we could ever hope for is the freest possible exchange of goods as between nations willing and able to trade with each other. I believe this government will endeavour to formulate plans and put into practice patterns of trade which will bring about the freest possible exchange of goods with those nations willing and able to trade with us. Proof of this can be found in the fact that we are going to have a commonwealth trade conference in Canada this fall. This is something which is very much overdue and which, not only in the realm of trade but also in the realm of discussion with a view to seeking out peaceful solutions for world problems, will be of the utmost value.

Among the remarks made this afternoon was one to the effect that the Liberal party is a party which will work with all nations in respect of their trade programs. In this connection I would recall to the house the United Kingdom wheat agreement, which seems to me to have been an agreement which excluded some of the other countries in the world and which left Canada in rather a bad position with many of those other countries.

I will conclude my remarks at this time although many other things will come up during the estimates on which I may wish to say a word or two. I just want to congratulate the Minister of Trade and Commerce and the wheat committee and to assure them that the farmers of western Canada appreciate what they have done and what they are trying to do at the present time.

Mr. Crestohl: Would the hon. member permit a question? Are we to understand the hon. member has just announced that he and his party are in favour of free trade?

Mr. Nasserden: I will be very glad to answer the question, Mr. Chairman, and if the hon. member will look very carefully at what I have said he will see that the words I used were "the freest possible exchange of goods with nations willing and able to trade with us". No party can do better than that.

Mr. Cardin: Mr. Chairman, I readily agreed with the Minister of Trade and Commerce when he said this afternoon that international trade was of vital importance to the Canadian economy and it is because I feel this is so and because I feel that the estimates of the Department of Trade and Commerce are also so important that I believe it is all the more regrettable that the leader of the house and the government did not deem it necessary to give the house adequate advance notice of the fact that these estimates were to be brought forward today. This practice of not giving sufficient notice is becoming more and more frequent and I think it is an unfair practice. As a matter of fact we might consider it as a sneaky form of closure.

Some hon. Members: Oh, oh.

Mr. Cardin: International trade, of course, has played in the past and is now playing an extremely important part in our economy. And because, of course, Canada will always have a greater capacity for production than for absorption we can expect that exports of Canadian products will continue to play an increasingly important role in our economy in the future. The maintenance and increase of our international trade will not be any easier for this government than it was for the previous government.

The field of international trade is now occupied by all the nations of the world who feel more keenly than at any other time in their history the importance and the necessity of international trade, and because of the differences in the standard of living of the different countries of the world and because

of the low costs of production and transportation of, I would say, the majority of our competitors, markets willing to pay Canadian prices for Canadian products will be more and more difficult to find in the future.

There is a factor, of course, that will also make our trade more difficult in the future and that is that in the evolution of trade we have seen the creation of economic blocs such as the European customs union and the proposed European free trade area. I believe we can expect to see more of these economic blocs in the future in different areas of the world and I do not doubt that a day may come when Canada will have to be part of one of these blocs.

The fourth reason why international trade for Canada may be more and more difficult is the fact that the U.S.S.R. and the satellites have now engaged in an economic war against the western world. There is no doubt in my mind that in the military field the western world is really capable of defending itself. There is a question in my mind, though, of the ability of the western world to defend itself in the economic field. I sincerely hope we do have all the requisites to adequately defend ourselves in the economic war that Russia is now waging and as a result of which Canada may find it still more difficult to find an increasingly prosperous share of the international trade field.

There is no question of the importance of international trade for Canada nor is there, I believe, any difference of opinion about the difficulty that exists in our being able to achieve for Canada this increasingly important economic factor. We were all very interested to hear the statement made by the Minister of Trade and Commerce this afternoon. We all listened very attentively but I am afraid it was impossible to detect in the words the minister spoke any indication of what the government's trade policy might conceivably be. Listening to the minister one gets the impression that the Conservatives still labour under the illusion that they can talk their way into the markets of the commonwealth, of Europe and of the world. The Conservatives have indeed done a lot of talking and have succeeded in confusing every one concerned. They have also contradicted by their actions all the talk in which they had previously engaged.

For example, in the short space of one year we saw the government enter into a 15 per cent diversion policy under which 15 per cent of Canada's trade was going to be diverted from the United States to the United Kingdom and that, of course, certainly did not please the people of the United States. Later during that year the government decided to send a trade mission to Europe and there the government of Canada assured the British traders that it would indeed buy a great deal more from Britain than from the United States. Finally, just a short time ago, the government decided to raise the British preferential tariff on wool and that, of course, did not please the British traders. Indeed, it confused them and caused them a good deal of concern. In the brief period of one year it would appear that the government has succeeded in antagonizing its two very best customers. That, as a policy of international trade, could not possibly be worse.

The Conservatives have frequently accused the Liberals of having lost Canada's markets overseas. Many speeches were made by hon. gentlemen opposite on that subject but not once did any speaker say what markets in Europe were lost, how they were lost or why they were lost. It is only when we read the budget speech that we begin to realize that the Conservatives have begun to appreciate some of the problems affecting our overseas markets. In his budget speech, as recorded at page 1250 of *Hansard* of June 17, 1958, the Minister of Finance is reported as saying:

> Moreover, I confess my concern over costs of production and prices in Canada. Only by keeping our costs of production in line with those of our competitors can we hope to achieve expanding employment and progressive improvement in our standard of living.
>
> We are in danger of becoming a high-cost economy. Such a prospect is particularly perilous in the case of a country like Canada which must sell so much of its production in markets abroad. Moreover, Canadian producers are encountering increasing difficulty in retaining their domestic market in the face of keen competition from abroad. Many of them under these circumstances turn to the government for a solution of their cost problem.

One would get the impression that the minister has come to the conclusion that these problems suddenly arose since the time the Conservative government came to power. That is, of course, not true. This high-cost economy has existed in our country since world war II. It is one of the reasons why markets may have been lost in that period just as in this period under the present government they are still continuing to be lost.

However at no time during the Liberal regime did the Liberals either by their policies, their words or their actions ever jeopardize foreign markets let alone the markets of our two very best customers as the Prime Minister did by engaging in the 15 per cent trade diversion in his never-ending quest for sensational legislation.

I think it is ridiculous, if it were not so pathetic, to hear the Prime Minister trying now to deny his trade diversion policy of a year ago. This afternoon in his speech, the Minister of Trade and Commerce also appeared to be seeking to deny it when he

stated that trade with the United States was of paramount importance. That is a very strange statement coming from one who not so long ago was so very sold on the 15 per cent diversion concept. This international trade policy based on sensationalism or on half-thought-out ideas can be extremely dangerous. In his budget speech, as recorded at page 1237 of *Hansard* of June 17, the Minister of Finance said:

> Perhaps most troublesome of all are the uncertainties arising from the many escape clauses in United States legislation and administrative practices. Hon. members do not need to be reminded of the recent restrictions imposed against Canadian oil and the continuing threat to our exports of lead, zinc and copper—notwithstanding firm trade agreement obligations.

A little farther on he said:

> We find it difficult to understand why the United States should treat its best customer and friendly neighbour in this way.

Well, Mr. Chairman, I got the impression on reading those words that the minister was engaging in his own brand of arrogant whining after he himself had thrown the first stone.

Mr. Churchill: The hon. member is not referring to me?

Mr. Cardin: No, to the Minister of Finance who had spoken so highly of the 15 per cent diversion. Of course, the government has tried to justify this 15 per cent diversion policy because of the very unfortunate and formidable trade deficit between Canada and the United States. Neither the previous government nor any Canadian was indifferent to the Canadian trade deficit with the United States. It was certainly not considered by anyone on this side of the house to be an ideal situation at any time, but it seems to me that the whole foreign trade problem was at that time and still is so vital to our Canadian economy that it would have been foolish indeed, as it has been proven to be, to try to change a natural trade pattern which the prevailing world trends, competition, prices and standards of living have now forced on our economy.

I respectfully submit that this increased competition in world markets today is a sufficient challenge to our economy without having the government embark on a half-baked, half-thought-out policy of repudiating existing markets no matter where those markets may be.

Mr. Bigg: There is nothing more half-baked than that.

Mr. Cardin: Perhaps not. It is very difficult indeed to understand the logic or the lack of logic behind the government's action on the question of trade, but it is absolutely impossible to find any definite government trade policy. It is also difficult, Mr. Chairman, to understand the attitude of the Minister of Trade and Commerce. I really do not know of anyone whose personality has changed so rapidly in the short space of one year. From a very genial, very loquacious, very affable member, he has indeed, I am afraid, turned into a more or less taciturn and even at times a cynical member of this house. One has only to read or, better still, to listen to the Minister of Trade and Commerce answering questions on trade to get the impression that the minister greatly resents being queried as to what is actually going on in his own particular ivory tower.

I had the temerity to ask the minister a question on trade and I as the rest of my colleagues, also received the minister's usual supercilious and evasively empty answers. On June 11, as reported at page 1033 of *Hansard*, I reworded a question that I had asked the minister previously. The question read:

> 1. What was the total amount of Canadian dollars paid to the United States in 1956 for imports of farm tractors manufactured in the United Kingdom and assembled in the United States?
> 2. Was this amount taken into consideration by the dominion bureau of statistics when compiling its figures regarding the Canadian trade deficit with the United States?
> 3. Are other products manufactured in the United Kingdom and imported into Canada from the United States? If so, what items?
> 4. Has the government taken any steps to encourage British companies to assemble farm tractors and other British products in Canada rather than in the United States? If so, with what results?

I received the following answer, as recorded at page 1034 of *Hansard*:

> Hon. Gordon Churchill (Minister of Trade and Commerce): This question, Mr. Speaker, is a refurbished edition of the one asked by the hon. gentleman last session on January 29, 1958. My answer on that occasion will be the one I give now. It is as follows:
> "Mr. Speaker, no records such as are asked for by the hon. member are kept, and the information is not easily obtainable as it involves tracing the country of origin of components in manufactured articles coming from the United States."

I can hardly conceive the very brilliant, very efficient and alert Minister of Trade and Commerce not being aware of an article that appeared in the *Gazette* concerning the trade mission in Britain about which we have heard unfortunately far too little since its return to this country. I am quite sure this article had been given to the minister by the very efficient officers of his department and I cannot understand why the minister was so evasive. I should like to quote the article that appeared in the Montreal *Gazette* of November 29, 1957:

> Coventry, England, November 28—(CP)—Members of Canada's trade mission learned with surprise

today that Britain's trade deficit with Canada is not as large as officially reported.

Officials of the Massey-Harris-Ferguson tractor firm said that a large portion of the $150 million Canadians spent last year for so-called United States tractors and parts actually flowed back to Britain.

Many of the component parts of the Massey-Harris tractors sold in Canada were assembled at Detroit but produced in the big Standard Motor Car Company in Coventry.

William Perlin of St. John's, Newfoundland, a mission member, observed that if this is the case the mission has been labouring under a misconception. The Canadian bureau of statistics had reported that last year, for example Britain had a deficit of some $330 million in Canadian trade. Canada was reported to have a deficit in United States trade of some $1,300 million.

If a proportion of the money Canadians have spent on Massey-Harris tractors imported from the United States actually came back to Britain, then it apeared that Britain's deficit with Canada and Canada's deficit with the United States were not as large as were reported.

James Patterson of Winnipeg, president of the interprovincial farm union council, said he would like to see steps taken to have the Canadian statistics corrected.

The 50-man mission was split up to visit the various motor car companies in this area. Some went to Standard, others to the Rolls-Royce, Jaguar, Rootes and Rover plants.

Ian Wallace, a director of Massey-Harris-Ferguson, joined Alick S. Dick, managing director of Standard, to show some of the members the motor car and tractor production there. Standard produces the Massey-Harris tractor under contract in what was described as the biggest tractor plant in the world.

Wallace explained that the reason why Britain ships tractors to Canada by way of the United States is because Americans are not fond of buying foreign-made goods. If the tractors, for example, were assembled in Canada and sold in the United States, there might be some American sales resistance.

On the other hand, Canada allows tractors in duty free. Tractors could be assembled conveniently in the United States to supply both the Canadian and American market. The parent company of Massey-Harris-Ferguson is in Canada. Subsidiaries are located in the United States, Britain and other countries.

Dick, whose company produces the Vanguard and Triumph motor vehicles, said vehicle production runs about 350 units a day. Tractor production, running at 380 units daily, now is being boosted to 415 with expansion concentrated on a new model of some 50 horsepower. The well-laid-out $50 million plant employs 10,500 workers.

At a luncheon of lobster, steak and wine, Dick urged Canadians to buy more Massey-Harris tractors "for the good of British trade".

Well, Mr. Chairman, that is one for the book. British industrialists are encouraging members of the Canadian trade commission in Britain to buy more tractors from the United States for the good of British trade. I am beginning to see why the Prime Minister is backing away from his 15 per cent trade diversion and why his Minister of Trade and Commerce is now feeling that trade with the United States is of paramount importance. I must say that we on this side of the house have certainly no objection in helping British trade and in trying to promote more British trade. But I also feel that if we are going to do that the British would also be willing to help us when we are in a very difficult economic situation.

There are two items at least in this article which I think should be noted. First of all, the trade deficit between the United Kingdom and Canada and between Canada and the United States was less by at least $150 million for 1956 and, of course, there may be other items imported from the United States which are manufactured in Great Britain. I understand the minister's point of view when he says it is difficult to obtain information as to the origin of some of the machinery or parts of machinery that are brought in from the United States but surely it would be in keeping with the tradition of the dominion bureau of statistics not to allow a $150 million error to slip into its figures as to the real trade deficit.

Like Mr. James Patterson of Winnipeg, the president of the interprovincial farm union council, I too should like to see steps taken in order that the dominion bureau of statistics figures may be changed with respect to this matter. I also think it might be well worth while, if at all possible, to check to see just how much material coming into Canada from the United States is being manufactured in Great Britain.

There is another point I should like to make. A while ago I said I felt sure that Great Britain would be willing to help us while we were in a difficult economic situation because of the good will we show Great Britain and, of course, to me, aid is always a two-way affair. It is mutual. I see no reason why the $150 million worth of tractors bought for Canadian consumption in 1956 from the United States could not have been assembled in Canadian plants where there is far more unemployment at the present time than is usual at this time of year. I do not see why this could not be done now. I feel that by doing so we would still be helping Great Britain. The money would go directly to Great Britain but we would be employing our own people. If the minister is embarrassed about trying to find a suitable plant for the assembling of such tractors, may I remind him that in my own town we have Sorel Industries where if no work is given to the company within a relatively short time it will have to close its doors and let out a substantial number of employees.

Before taking my seat may I say that I should very much like the minister to give the house a clear briefing on the results achieved by the trade mission to England. I agree with the minister that international

trade is of the utmost importance to Canada, and if we are to take our part in the very difficult international picture it is equally important that the government should have a very definite trade policy, particularly if the government does not want to repeat at the trade conference to be held in September the fiasco of the last trade conference.

Mr. Fisher: Mr. Chairman, I have a number of questions I want to put to the minister that could be answered later when we get into the details of the estimates but because of their general nature I think it might be fairer to ask them now. The first one could be answered tonight. A few weeks ago a magnificent criticism was presented in the house of the fair at Brussels and the Canadian exhibit and I wondered whether the hon. member for Restigouche-Madawaska had been dispatched to Brussels again to improve the whole tone of the Canadian part in the exhibition.

One of the questions I want to ask reaches ahead to 1961 and the next census. As the minister is aware, I am interested in the problem of redistribution. The census will be taken in 1961 and I understand that normally the results as to population for use in redistribution are available in March of the following year. With its experience in the census of 1956 I should like to know whether the bureau of statistics will be in a position to give us an answer more quickly this time so far as these figures are concerned because I think it might be quite important if the political situation is projected four years ahead. If we do not get these results in March and if redistribution is to be carried out by parliament it could be very rushed should the Prime Minister in his wisdom decide to have a summer election. By pushing the thing ahead six weeks or two months we could conceivably save ourselves from fighting the 1962 or 1963 election on the basis of the 1951 census. I suggest to the minister and to other members of the house that that would be very unfair to a great many voters of the country although it might also, if there are changes, be a little unfair to some of the present members.

Mr. Churchill: Would you like another March election?

Mr. Fisher: I think March is a splendid time to have an election—the ides of March. I also wanted to ask the minister for a bit more detail on the small business set-up foreshadowed supposedly by the appointment of the new associate deputy minister of trade. Perhaps at some point later in the discussion of the estimates the minister might be able to spell out for us a bit more of the framework of that organization and what its scope is going to be.

Mr. Churchill: I wonder whether I might reply to that immediately. No decision has been reached yet as to which department will have the responsibility for the proposed small business section. It may be the Department of Trade and Commerce but it is a bit premature to discuss the matter at the moment because a decision has not yet been reached.

Mr. Fisher: It would seem to appear then that my question was very hypothetical, as must have been much of the press speculation on this matter. Another question which I think the minister could deal with more fully before we leave this part of his estimates is the campaign that such distinguished gentlemen as Stuart Armour are trying to get under way to buy Canadian. I think we should have a fuller explanation of the part the minister's department might play in that regard and, if we are going to go out to persuade people to buy Canadian, especially what ramifications that may have upon our external trade policies. I think the "buy Canadian" theme is something that our people should literally buy at the present time.

In the remarks of opposition members so far in the debate today it has been noticeable that there has been quite a bit of jollying the government with respect to its reaction to the Thorneycroft proposals and even more jollying on its reneging as to the absolute clearness of the 15 per cent trade diversion suggestion. From what I have read and have been able to learn about the matter I actually think the government was quite smart to give the Thorneycroft proposals the brush-off and I also think they were very clever in going slow on the 15 per cent diversion plan.

I wonder whether or not the minister is conversant at all with a report that has been put out in the United States by the Rockefeller Brothers fund, entitled "Economic Policy for the Twentieth Century". This particular report has received a great deal of analysis in the United States periodical press, much of it favourable. The report, of course, concentrates upon the communist threat to free world trade.

One of the suggestions made in the report is that we build up regional groups of trading nations. One gathers from the reactions to the report one finds in the *Congressional Record* that it has been favourably received. Another suggestion is to establish an inter-American trade authority. The report contains some reference to Canada, and says:

> The United States should participate in calling as soon as possible an inter-American economic conference in which Canada would be invited.

The conference should be called for the joint consideration of an action to—

Find workable procedures for moderating extreme price fluctuations in commodity trades.

Devise ways for the co-operative promotion of general economic growth and development, including consideration of an inter-American development authority.

Work toward international agreement to set up a common market of hemisphere wide scope or of regional common markets with merger as an eventual goal.

Of course, we would have to understand that any idea of merger would be a long-range development.

Establish an inter-American payments union to provide for the full convertibility of currencies among all nations subscribing to a common market arrangement.

Facilitate other inter-American arrangements for co-operation upon common purposes and social objectives in such fields as education, low-cost housing, health and technical assistance.

Assure that such arrangements shall be so conceived and executed as to promote high levels of multilateral world trade and the general economic growth of the entire free world.

The idea of a number of regional trading groups in the free world it seems to me, so far as Canada is concerned, is quite as sensible as Canada trying to place itself within a commonwealth trade group. It almost seems to me that we are allowing sentiment and patriotism, of the kind that I am sure most of us feel, to confuse what are our real interests so far as trade is concerned. While the government and all the rest of us are associated with, and stuck with the problems of United States investment in our economy, I do not think we can shy away from the fact that it is the United States economy, the inter-American economy, within which our destiny largely lies. This suggestion put forward in the Rockefeller Brothers fund report seems to me to be a good one. I should like to see the minister take some action to follow it up after what I am sure will be a dearth of results from the commonwealth conference that we are having later this year. I would suggest to him that, now that the election is out of the way and we do not have to worry about it for three or four years, we get away from these favourite slogans that pop up in elections and become much more realistic in our attitude towards United States trade.

There is one thing in the Rockefeller report that may give the minister a bit of a lever. It relates to the amount of United States foreign trade and its effect upon the United States economy. I quote:

Within the free-world trading system, United States exports account for 20 per cent of all exports, and its imports for 14 per cent of total imports. But in terms of our domestic economy, combined imports and exports represent only about eight per cent of annual output. This relatively small proportion often leads us to underestimate the importance of that trade to other nations. What is a small item on our import list may be a major source of revenue for an exporting nation, for example our imports of Swiss watches, Scotch whiskey, or Latin American coffee and copper.

The report goes on to say that between nine and ten per cent of all the durable goods produced in the United States is sold abroad. Significantly enough, these sales provide the margin between profit and loss for a large segment of American industries. About 4,500,000 workers, or seven per cent of the entire United States labour force, are directly dependent upon foreign trade for their livelihoods. Foreign trade provides more direct employment in the United States than the automobile, steel, chemical and textile industries combined.

This picture of the powerful role that that portion of foreign trade plays within the United States economy should give the minister, with his idea of the Canadian nation's trade with the United States, a powerful lever to use in future meetings he might have with United States authorities.

Mr. Kindt: Mr. Chairman, I should like to add a word or two to what has already been said, and deal specifically with the dollar balance of payments between countries in relation to our international trade. If we are to analyse the position of Canada in world markets, and also tackle the job of analysing Canada's foreign trade, we must know something about the dollar exchange balances as they exist between Canada and the countries to whom we wish to sell our products. If we do this, then we have within reach a very good measure of the effective demand of that particular country in relation to the products which we have in Canada and wish to sell.

I say, Mr. Chairman, it is only to the effective demand that we can look at this time in our analysis. In other words, if a country to which we wish to sell products has not the dollar exchange with which to buy our goods, you may have all the demand that you wish in that country but it still will not be effective demand. A proper analysis of foreign trade connotes a study of the dollar exchange balances of the various countries around the world in relation to that of Canada. This enables the demand of a country to be effective. Anything else is non-effective demand. In other words non-effective demand means that the country has not got the dollars with which to buy our products. This further means we either have to lend that country money, give them the goods or take their currency and write off whatever loss that

may entail. It is by means of their dollar exchange balances that they are able to buy, and we must look to their exchange balances to understand if they are in position to buy the goods and services which they desire from us and other countries.

This desire to purchase may cover wheat or other products. Our position, of course, would be to try to sell as much wheat and other Canadian products as possible. But I submit that the Minister of Trade and Commerce no doubt has at his elbow an analysis of the dollar exchange balances between this and other countries. With this information he is in a position to arrive at a close approximation of the trade possibilities of any foreign country.

I do not wish to extend my discussion in this debate except to point out that if we were to come directly to the point and to a discussion of those factors which will add to the exchange balances of those countries and to the expanding of those balances, we would have the most rational approach to an understanding of the present trade position of Canada.

Mr. Crestohl: Mr. Chairman, I was wondering why the earlier portion of this debate centred so much around fish or the export of fish. I was wondering whether it was not because the government's trade policy or the minister is all at sea fishing for a firm trade policy for Canada. Like all other members of the house, I was most interested in the fine dissertation or thesis presented to the house by the minister which consisted of wishful thinking as to what a trade policy for Canada might be. But for all that wishful thinking in that splendid thesis that he laid down, we did not learn from him precisely what the Canadian trade policy is.

After he had spoken for 30 minutes, and we were certainly expecting some firm statement, we heard nothing from the minister and we allowed him almost 30 minutes additional beyond his regular time hoping and waiting for an announcement from him as to what that trade policy is. As far as we are concerned I have found nothing that could tell me with any degree of precision that: this is our trade policy on this subject or on that subject. We heard a great deal of what we should like to see or what we are hoping it might be but we heard from the minister not a word as to what the policy actually is. I interpret his efforts as that of one genuinely and honestly searching, groping and even stumbling along from one inconsistency in our trade policy to another.

[Mr. Kindt.]

Let us take, for example, the reference that has so frequently been made to the trade mission to the United Kingdom. The minister speaks so ardently, so seriously and so hopefully about our export trade and of the urgency and the importance of increasing it. Yet with great pride he comes into the chamber and presents the story of the United Kingdom trade mission not to increase our export trade but, peculiarly enough, to increase our import trade from Great Britain. We are in favour of it. We support it. But I should have liked to see the reverse also take place, namely a reciprocal arrangement with the United Kingdom that there should be on their part an obligation to take 15 per cent more or at least to increase by 15 per cent their imports into the United Kingdom from Canada.

Then you have the minister's very sanguine hopes and his expression of his dreams about our export trade to Europe. The hon. member for Richelieu-Vercheres has already quoted the Minister of Finance. The house knows how increasingly difficult our export to Europe is becoming. We certainly cannot burn the candle at both ends.

The Minister of Finance has told us that we are pricing ourselves practically out of the European market. Our cost of production is high. We know that the European cost of production is low. Russian slave labour production, Japanese low-cost labour and other forms of production are now flooding all the markets to which we made appeals during the past number of years. Therefore how can we on the one hand maintain a high-price policy for production in Canada and with that high cost of production expect to get into the markets of Europe where the cost of production is so low? We find there a definite inconsistency.

Then also the Minister of Finance makes an extremely important statement to which I should now like to refer. It is to be found at page 1231 of *Hansard* of June 17 and is as follows:

> Population growth of itself does not ensure progress, but in a country such as ours it has a special significance. It provides a greater market for our agricultural produce and for the products of our factories—

Here we have a situation where the government accepts the fact that if our export markets are dwindling and possibly largely disappearing, the only remedy for our production in Canada is to increase at least our home consumers' market; and with the increase of the home consumers' market certainly we might be able to keep our people more employed. Instead, what do we find?

We find that factories are closing and people are being thrown out of jobs only because of the fact that we have no market for the products we make in Canada. We do not have them abroad and along comes the government with an immigration policy that certainly does not encourage immigration into this country in order to help us to grow and to develop a home consumers' market.

I therefore suggest, Mr. Chairman, that all this groping and uncertainty with regard to a trade policy for Canada is perhaps something that should be expected. The government, perhaps somewhat new in this business, is searching as far as it can but it is focusing most of its attention on its desire to do those things which will enable it to keep election promises. I should like to see the government more courageously take the position of fixing a trade policy irrespective of whether it meets election promises or whether it does not do so. I think the government should take its eye off keeping election promises made last year and this year. I think the government should place the interests of the country far ahead of its interests in hoping to keep election promises which might support its own political party.

I should like to ask the Minister of Trade and Commerce to quote to the house what new industries have been brought to Canada in the last year or two or what new factories have opened up? I think the minister should concentrate all his attention on the expansion of industry. We have heard, for example, in previous years of new industries. With great pride the minister would report to the house from time to time that a new industry had opened up giving employment to so many people. I have not heard—certainly during the past year—of a single new substantial industry that has opened up in order to expand our production and our work in Canada.

I should like to draw the attention of the minister to the needle trades industry. This industry, which employs perhaps close to 200,000 people across the country, is steadily on the decline. I do not know whether it is the result of tariffs or whether it is the result of other difficulties which exist in the industry. However, one thing is certain. The complaint we hear is that they are having difficulty. There are no new markets.

At one time our country enjoyed a fine export market for clothing, including sports and ladies' clothing, in the British West Indies, but today we do not hear of a dollar's worth of the products of the needle trades being exported to that area. Markets are declining and, what is more, the speed of production is being accelerated so that the same volume of work is now being produced in half the time. We must build up markets to keep our people at work, but we can readily see that only 50 per cent of the needle trades are required to produce what it took 100 per cent to produce in prior years.

I therefore want to impress upon the minister the fact that the government should present to the house at the first opportunity a courageous trade policy; one that will be consistent and one with which the country can wrestle; something that will enable Canada to go forward, extend its trade and provide employment for our people.

I appeal to the minister especially, following the question raised earlier by the hon. gentlemen who spoke before me, to enlighten this house either during the course of this debate or at a later time with respect to the position of the small businessman. We were hopeful that some relief would be given to small business, but I think we have had a setback in the minister's answer —at least it gave me that impression—when he said that while there may have been some talk about it and while an assistant deputy minister may have been appointed, the government does not yet have a plan ready to be announced. I think the government should at least confirm that the plan previously announced to this house with respect to relief for small tradesmen will be a firm policy and not a wavering policy which fluctuates with the times or swings with the wind, as necessary. I think the country is completely at a loss and will remain at a loss until such time as the minister will make a firm announcement on the trade policy of this government.

Mr. Churchill: Mr. Chairman, I cannot let this opportunity pass without correcting my hon. friend with respect to the statement I made on the setting up of the small business section. There has been no withdrawal from the plan to give such assistance as may be possible to small business in Canada. All I said was that a final decision had not been reached as to whether or not the Department of Trade and Commerce would have that responsibility and I hope within a very short time an announcement will be made to this house as to the setting up of a small business section.

Mr. McIlraith: Just on that point, could the minister indicate on what departmental estimates we might ask about this question of small business, if not on the estimates of his department? What I am getting at is with respect to the remarks of the hon. member for Cartier about the needle trades and about small business, or many small businesses

in that industry. Most of such small businesses would be directly related to the foreign trade of Canada. I do not see, therefore, how we could rule out small business from the trade and commerce estimates if they are related to the foreign trade of the country.

Mr. Churchill: That is all right, but what I was objecting to was dealing with something in anticipation of the supplementary estimates and with items which would concern the setting up of a small business section.

Mr. McIlraith: But there is more to it than that, Mr. Chairman. The small businesses being talked about are directly related to the external trade of the country. Surely from that aspect at least they are properly before the committee on this item.

Mr. Churchill: I have sat long enough on the opposition side to know the value of debate and I am not suggesting any restriction of debate whatsoever.

The Chairman: Shall item 391 carry?

Mr. McIlraith: There are many many questions to be answered and I presume the minister intends to answer them on this item. With only a minute or two to go I assume he does not want to open up his answering speech at this time. I do not think therefore that the item can carry.

Mr. Churchill: I have no objection at all to answering questions discussed this afternoon but obviously time does not permit of that tonight. I might, however, take 30 seconds to thank the hon. members who have participated in the debate on the first item. They have shown their interest in the activities of the department and in the expansion of Canada's trade and their comments generally have been very worth-while. I am even grateful to the hon. member for Richelieu-Vercheres for depicting me in the light in which I now appear in this House of Commons. It reminds me of the Burns' line, "Oh wad some power the giftie gie us to see oursels as others see us!" I take full note of the alteration that has taken place with my passage from the opposition benches to the government side and I wish the other type of alteration had transpired with my hon. friends who passed from the government benches to the opposition ranks. I wish I could say of them as my hon. friend said of me that when I was sitting there I was congenial, easy to get along with and very good natured.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Chevrier: Mr. Speaker, may I ask the house leader what the business is for tomorrow and Saturday?

Mr. Green: Tomorrow we shall continue with the estimates of the Department of Trade and Commerce, then we will take those of the Department of Agriculture, followed by the estimates of the Post Office Department and the Department of Veterans Affairs.

Monday will be private members' day and on Tuesday we plan to commence with item No. 3 on today's order paper, which is the second reading of an act to amend the Prairie Grain Advance Payments Act, and then item No. 9, which is a resolution concerning the Prairie Farm Assistance Act, and then take the budget resolutions.

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

ANSWER TO QUESTION

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

INTERNATIONAL TRADE FAIR—REPLACEMENT FOR MRS. BIENVENUE

Question No. 156—**Mr. Bourget:**

Question

1. Has an appointment been made to replace Mrs. Valmore Bienvenue at the Canadian pavilion of the Brussels universal and international exhibition?

2. If so, (a) what is the name of such person; (b) in what capacity; (c) what are the functions and responsibilities related thereto; (d) what are the qualifications of such person; (e) what salary does the said person receive?

Answer by: **Hon. Gordon Churchill (Minister of Trade and Commerce):**

1. No. A temporary arrangement has been entered into whereby an official of the exhibition branch at London, England, is at present in charge of the residence.

2. Answered by No. 1.

HOUSE OF COMMONS

Friday, July 18, 1958

The house met at eleven o'clock.

HOUSE OF COMMONS

ADDRESS TO BOTH HOUSES OF PARLIAMENT BY PRIME MINISTER OF GHANA

Mr. Speaker: I have the honour to inform the house that Hon. Dr. Kwame Nkrumah, Prime Minister of Ghana, will address both houses of parliament in this chamber on Monday morning next at eleven a.m., and immediately following the addresses there will be a reception in the railway committee room at approximately 11.45 to give hon. senators, members of the House of Commons and the parliamentary press gallery an opportunity to meet our distinguished visitor.

VETERANS AFFAIRS

Third report of standing committee on veterans affairs.—Mr. Dinsdale.

SHIPPING

BRITISH COLUMBIA—STRIKE ON BLACK BALL LINE

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I direct a question to the Minister of Labour. In view of the strike of the employees of Black Ball Ferries Limited, which now leaves Vancouver island completely isolated from the mainland except for air transport, does the government intend to take any prompt action to ease the hardship and inconvenience being caused by this strike and that on the Canadian Pacific ships?

Hon. Michael Starr (Minister of Labour): Mr. Speaker, we heard of this strike approximately half an hour ago. The deck officers and engineers of Black Ball Ferries have gone on strike, tying up this essential service. We are making an on the spot investigation today, and on the basis of the report an announcement will be made in the house tomorrow.

Mr. Chevrier: Will the government give consideration to organizing an airlift of R.C.A.F. and commercial aircraft to assure that vital supplies reach the island?

Mr. Starr: No discussion on this question has yet been held by the government.

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FINANCE

LEGISLATION TO PROVIDE VALUE FOR DUTY ON IMPORTED GOODS

On the orders of the day:

Mr. Grant Campbell (Stormont): I should like to address a question to the Minister of Finance. In view of his recent statement in the house to the effect that any recommendations of the tariff board in regard to cotton textiles would not be considered this session, would the minister confirm his intention, as indicated in his budget speech, that section 35 of the Customs Act will be amended this session to provide that the value for duty on imported goods shall not be less than the cost of production plus a reasonable advance for selling cost and profit?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, the statement I made in the house on Tuesday in tabling the report of the tariff board on woollen yarns has no bearing whatever on the announcement I made in the budget speech on June 17 as to the intention of the government to introduce at this session an amendment to section 35 of the Customs Act for the purpose of introducing as a basis for value, as the hon. gentleman said in his question, cost of production plus a reasonable advance for selling cost and profit.

The announcement I made on Tuesday was by way of indicating the position of the tariff board with respect to the progress it has made with the very large reference to it of all the items in the textile tariff. The board has now made two reports, one on woollen fabrics and the one which was tabled on Tuesday on woollen yarns.

With regard to its inquiry into the tariff items in respect of cottons, the board has completed its hearings but I think it will be some time yet before the report is received and I was indicating in my statement that under these circumstances nothing by way of legislative action could possibly be expected at this session of parliament in relation to cottons, let alone other textiles, synthetics in particular, to which the board will be addressing itself in the remaining studies.

The amendment to section 35 of the Customs Act, as I indicated in the budget speech, will be introduced at the present session by my colleague the Minister of National Revenue.

Inquiries of the Ministry

CONVERSION LOAN—EFFECT ON INTEREST RATE ON OTHER BORROWINGS

On the orders of the day:

Mr. Erhart Regier (Burnaby-Coquitlam): I should like to direct a question to the Minister of Finance. I do so in the light of several newspaper reports yesterday concerning the effect of his bond conversion plan. Is the minister able and willing to inform the house as to the additional amount of interest the Canadian people will have to pay on private, corporate, municipal and provincial borrowings as a result of the increases announced for the federal conversion bonds?

Hon. Donald M. Fleming (Minister of Finance): I was asked a question yesterday, Mr. Speaker, by the hon. member for Nipissing about what might be expected to be the increase in interest charges on the outstanding debt that is now represented by the five outstanding victory loan bonds and will after the conversion loans we hope be largely, if not almost entirely, represented by the Canadian conversion bond issue of 1958. It is not now possible to indicate what that might be.

I do wish to take advantage of the question of my hon. friend to point out what I think is a fallacy. My hon. friend suggests that this conversion loan is raising interest rates. I do want to make it quite clear that this is not the fact at all. The conversion loan takes account of the existing situation in the bond market and of the desire of the government, in the interests of all borrowers in Canada and not simply the federal government—all borrowers, provincial governments, municipal governments and others—to grasp the advantage that will accrue to them from the extension into the future of the present debt represented by the outstanding five victory loans. The rate that has been set in each case, whether 3, 3¾, 4¼ or 4½ per cent, represents a realistic assessment of the cost of money in the market today in relation to borrowings with such maturities as have been set in the new conversion loan.

I point out to my hon. friend that in the bond markets of this continent, starting in the United States, there has been a weakness evident, a weakness that preceded the budget and had nothing to do with the budget.

The terms of the new conversion loan have been recognized right across this country as realistic and fair under all the conditions. I am happy to be able to report to the house that the response to the loan already has been not simply encouraging but has indeed been almost overwhelming. We have had a response from provincial governments indicating that they are converting their holdings of victory loan bonds into the conversion loan bonds, and a statement was issued yesterday by the Bank of Canada indicating that already we have commitments of over a billion dollars from the holders of these outstanding victory loan bonds.

There is every indication, Mr. Speaker, that with the kind of widespread support we are receiving on every hand this major undertaking is going to be a great success, and that the benefits that will flow therefrom will accrue not simply to the federal government in its future borrowing operations, but will accrue as well to provincial governments, municipal governments and other borrowers in this country in the days to come.

Hon. J. W. Pickersgill (Bonavista-Twillingate): May I ask a supplementary question. Is it not true that the interest rate on this 25-year loan is higher than anything ever authorized by the previous administration, at which time the minister himself was complaining about high interest rates?

Mr. Fleming (Eglinton): I thought my hon. friend was aware that there is no precedent for an undertaking of this size in Canada. There have been previous conversion loans, but there were—

Mr. Pickersgill: On a point of order, Mr. Speaker; I directed a question to the Minister of Finance, and he is not answering the question but is making a speech.

Mr. Fleming (Eglinton): My hon. friend—

Mr. Speaker: Order. I think the question itself was probably not in order, because it was asking for information that is readily available to all hon. members of the house.

INQUIRY AS TO TABLING OF REPORT ON FLUORSPAR

On the orders of the day:

Mr. C. W. Carter (Burin-Burgeo): Mr. Speaker, may I ask the Minister of Finance whether he can give us any further information as to when the report of the tariff board investigation on fluorspar is expected or may be tabled?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, there has been no change in the information I gave to the house in the budget speech on June 17 on that subject.

NATIONAL DEFENCE

REPORTED READINESS OF CANADIAN TROOPS FOR UN SECURITY FORCE

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I wonder if the Minister of National Defence would care to comment on a statement made on the front page of this morning's *Globe and Mail* to the

effect that the Canadian government has a brigade of troops in readiness as a contribution to any security force which might be established by the United Nations in the Middle East. If so, has any such offer been made to the Secretary General of the United Nations?

Hon. G. R. Pearkes (Minister of National Defence): No offer has been made, nor has any request been received so far as I know from the Secretary General of the United Nations.

Mr. Argue: Would the minister say whether the government has done anything to warrant the statement that Canada has in a state of readiness a brigade of troops that might be used in this quarter?

Mr. Pearkes: I have announced in this house on several occasions that Canada keeps one battalion in a more advanced state of readiness than the rest of the troops of the regular army of Canada. There has been no change in that situation.

NOVA SCOTIA—INVESTIGATION INTO ADMINISTRATION OF BEDFORD NAVAL MAGAZINE

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, may I ask the Minister of National Defence if his department has recently made an investigation into the administration of the Bedford naval magazine in Nova Scotia?

Hon. G. R. Pearkes (Minister of National Defence): No, I do not think there is any such investigation.

Mr. Pickersgill: Could the minister inquire?

BUSINESS OF THE HOUSE

REQUEST FOR EXTERNAL AFFAIRS DEBATE

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, in view of the fact that the leader of the house last evening in indicating the business of the house for the first two days of next week made no provision for a debate on foreign affairs, would the Prime Minister inform the house whether it will not be possible to have such a debate in the early part of next week?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I would hope that by Thursday next the situation would be such that a debate could be held. I do not want to see it postponed unnecessarily, not only because I know the government wants the benefit of the views of members in all parts of the house but also because it is not possible to have the estimates of the Department of External Affairs considered until such time as we have this debate, at which time the estimates will be referred to the committee.

Mr. Pearson: I have a supplementary question. If developments made necessary a debate earlier than next Thursday, would the Prime Minister keep that matter in mind?

Mr. Diefenbaker: Yes, Mr. Speaker. If events do make necessary or desirable an earlier debate, then I hope consent can be secured from all parts of the house to have such a debate take place.

FISHERIES

LOBSTERS—REQUEST FOR PROTECTION OF CANADIAN MARKET IN U.S.

On the orders of the day:

Mr. G. R. McWilliam (Northumberland-Miramichi): I wish to direct a question to the Minister of Fisheries. Is any action being taken to protect the market in the United States for Canadian lobsters as a result of the bill now before the United States Senate to restrict lobster imports to the United States?

Hon. J. A. MacLean (Minister of Fisheries): Mr. Speaker, I just received notice of this question a few moments ago. I should like to point out that it is one that more properly should be directed to my colleague the Minister of Trade and Commerce. Perhaps he would take it as notice.

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, I accept it with thanks, and I will take it as notice.

DOMINION-PROVINCIAL RELATIONS

NEWFOUNDLAND—INQUIRY AS TO REPORT OF ROYAL COMMISSION ON REVISION OF TERMS OF UNION

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I wonder whether I could ask the Prime Minister whether he thinks the government would be in a position on Monday to table the report of the royal commission on the revision of the terms of union with Newfoundland. The 10 days he anticipated will have elapsed by then. If the printed report in French is not available will the government consider doing what has been done in many other cases, namely tabling a manuscript copy of the report in French in order to facilitate the work of the government of Newfoundland?

Inquiries of the Ministry

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, so far as the first part of the question is concerned may I say that I have had no report in the last day or two from the printing bureau as to the progress being made in the printing of the French copy of the report. As to the second portion of the question may I say this. While consideration will be given to the suggestion made, I think in general the usual course should be followed in the tabling of this report and that it should be tabled in both languages. However, I will have the question looked into.

DEFENCE PRODUCTION

REQUEST FOR TABLING OF DEPARTMENTAL REPORT

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I have a supplementary question. Perhaps I could ask the Minister of Defence Production how soon he expects to be able to table the French copy of the report of his department?

Hon. Raymond O'Hurley (Minister of Defence Production): Mr. Speaker, I will get the information and report as soon as possible.

POTATOES

PRINCE EDWARD ISLAND—APPLICATION OF PRICE STABILIZATION LEGISLATION

On the orders of the day:

Mr. H. J. Robichaud (Gloucester): I wish to direct a question to the Minister of Agriculture. My question is based on a press report in the Charlottetown *Guardian* of July 12 concerning price supports for potatoes, to the effect that all hope of receiving aid had vanished in so far as island growers were concerned. What factors have prevented the application of the provisions of the agricultural prices stabilization legislation to this important class of agricultural producer?

Hon. D. S. Harkness (Minister of Agriculture): Nothing has prevented it. As a matter of fact an offer was made by the stabilization board, which was approved by the cabinet, to the Prince Edward Island potato producers to give them support on the same basis as it has been given in New Brunswick as far as potatoes which are diverted to starch in that province are concerned. The potato association there accepted the offer but subsequently discovered that the potatoes had sprouted to some extent and therefore there was difficulty in so far as determining the grade was concerned. We are carrying on further discussions at the present time to try to overcome this difficulty.

[Mr. Pickersgill.]

Mr. Robichaud: May I ask as a supplementary question whether the delay of the government in applying this measure is not an example of the weakness of the agricultural stabilization program?

Some hon. Members: Order.

Mr. Speaker: The hon. member knows he is really advancing an argument in putting forward that question.

Mr. Harkness: Mr. Speaker, since this statement has been made I think I should have the opportunity of answering it. Any delays which have taken place in regard to the potato situation in Prince Edward Island have been due to the provincial government and/or the potato association in that province not being able to make up their minds, not accepting the offer when it was made to them, and not putting the plan which was offered to them into operation.

Some hon. Members: Hear, hear.

EXTERNAL AFFAIRS

MIDDLE EAST—INQUIRY AS TO CONSIDERATION BY NATO

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I would like to ask the Prime Minister—and perhaps he may wish to take this question as notice—whether the North Atlantic Treaty Organization, through its permanent council, has been considering developments in the Middle East and, if so, will he be in a position to make a statement on the results of such consideration.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I feel sure that the council has been giving this matter consideration and, in putting it that way, I think my hon. friend will understand exactly what is the position.

As to making a report with respect to the consideration being given by the North Atlantic council, that of course is a question which will have to be taken under advisement. My experience has been that when the hon. gentleman who has asked the question occupied the position of secretary of state for external affairs his general reaction to similar questions was that there were obvious limitations on the information to be given respecting the actions of the council.

Mr. Pearson: Mr. Speaker, I would like to inform the Prime Minister that the only reason I asked the question was because of newspaper reports from Paris on these discussions, quoting members of the council, including a Canadian member.

UNEMPLOYMENT INSURANCE

SOREL, QUE.—REQUEST FOR EXTENSION OF BENEFITS

On the orders of the day:

Mr. Lucien Cardin (Richelieu-Vercheres): I would like to ask a question of the Minister of Labour based on a telegram I received this morning to the effect that 20 per cent of the labour force in Sorel is still unemployed. In view of the Prime Minister's promise that this government would not rest while one Canadian remained out of work and that no one would be allowed to suffer, would the Minister of Labour reconsider extending unemployment benefits in Sorel, if the government is incapable of providing work in that area?

Mr. Pallett: What is the source of the information? Who sent the telegram?

Mr. Speaker: I think the hon. gentleman will recognize that that question has been asked and answered on at least one occasion recently.

Mr. Cardin: But the problem still remains, sir.

Mr. Speaker: That is a matter for argument in debate.

NORTHERN AFFAIRS

INQUIRY AS TO FRENCH EDITION OF PAMPHLET

On the orders of the day:

Mr. Alexis Caron (Hull): May I address a question to the Minister of Northern Affairs and National Resources. Recently a very good pamphlet was issued by his department and I wrote for a French copy of it. My answer was as follows, and this is my translation:

I will exercise the greatest care in the choice of the person to whom the redaction would be given, in case there would be a sufficient demand for a French pamphlet.

Does the minister not believe that it would be hard to ask for something which is non-existent?

An hon. Member: Nonsense.

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): I will have to take that question as notice.

(Translation):

TRADE

WAR SURPLUS EQUIPMENT—INQUIRY AS TO IMPORTS

On the orders of the day:

Mr. Guy Rouleau (Dollard): Mr. Speaker, I would like to put a question to the Minister of Defence Production.

Inquiries of the Ministry

Has the minister read the telegram sent to me by the Maase Equipment Company, which I forwarded to him yesterday?

If so, and since the government has allowed the sale of American war surplus goods in Canada, what action is the government considering to protect the distributors of construction machinery against the competition of United States surplus war assets in Canadian territory?

Hon. Raymond O'Hurley (Minister of Defence Production): In answer to the question just put by the member for Dollard, I may say that the government has received representations from manufacturers and dealers in heavy equipment, but I must inform the hon. member that, on the other hand, we have also received requests from contractors who wish to purchase this heavy equipment.

I must, moreover, make it clear that we received a number of telegrams from individuals who protest against the importation of heavy materials and equipment from the Pacific islands or Japan. I must say that these importations were not made through a crown corporation coming under my department.

I might add that this matter is still under consideration. The ministers have taken notice of requests made by parties on both sides, but so far no decision has been taken which would be contrary to the policy followed in the past.

(Text):

HIGHWAYS

NEW BRUNSWICK—STATEMENT ON INCLUSION OF CERTAIN ROADS IN ACCESS PROGRAM

On the orders of the day:

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, yesterday the hon. member for Gloucester asked whether the construction of a highway to provide a direct road link between Saint John and Fundy national park and the Plaster Rock link-up across the central stretch of New Brunswick were included in the proposed roads to resources program for New Brunswick.

As I have already indicated, I have given approval in principle to certain projects in New Brunswick on which construction is already under way and which will be eligible for federal assistance, subject to the execution of a formal agreement between the province and the federal government.

As to the remainder of New Brunswick's program, I have just received a letter from Premier Flemming, dated July 9, in which he has proposed very substantial changes in

the program originally put forward by the province. These new proposals are now under study by my technical advisers and I have written to the premier of New Brunswick for additional information. In the circumstances it would be premature for me to say more at this time.

LIVESTOCK

RABIES—REQUEST FOR EXTENSION OF LEGISLATION TO COVER LOSSES

On the orders of the day:

Mr. Grant Campbell (Stormont): Mr. Speaker, I should like to address a question to the Minister of Agriculture. In view of the very serious rabies epidemic in Stormont and other parts of this province, has the minister considered the desirability of extending the provisions of the Animal Contagious Diseases Act to cover compensation for the loss of domestic animals owing to rabies, as has been done in the case of brucellosis, tuberculosis and, I believe, in the case of foot and mouth disease?

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, the Animal Contagious Diseases Act provides authority for the payment of compensation only with respect to animals which are ordered slaughtered as a disease control measure to prevent the spread of the disease. This is the authority under which compensation is paid for animals ordered slaughtered if they are found, in the course of official testing, to be infected with brucellosis or tuberculosis. It is also the authority under which compensation would be paid for animals ordered slaughtered if they were infected with or exposed to such serious diseases as foot and mouth disease.

There is no authority in the act, and it is not the intent of the act, to provide compensation to owners of animals which may die normally from rabies or from any other disease.

PUBLIC SERVICE

PENSIONS OF SUPERANNUATED CIVIL SERVANTS AND MOUNTED POLICE

On the orders of the day:

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, I hope I can get an answer this time from the Minister of Finance. When does the minister expect to be able to report to the house on the results of the active studies that he said are being made on the pensions paid to retired civil servants and members of the R.C.M.P., and do such studies also include the pensions being paid to railway employees?

[Mr. Hamilton (Qu'Appelle).]

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I have answered such a question a number of times during this session. I can only give the same answer today, that this important subject is under very active study. Whenever the time is appropriate to make any announcement to the house my hon. friend may be sure that it will be made.

SUPPLY

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

DEPARTMENT OF TRADE AND COMMERCE

391. Departmental administration, $739,086.

The Deputy Chairman: Shall this item carry?

Mr. Pearson: Mr. Chairman, this item, of course, gives members of the house an opportunity to speak generally on questions within the jurisdiction of the Department of Trade and Commerce, and I wish to take advantage of that opportunity. Before doing so, Mr. Chairman, in a substantive way I should like to express my regret and the regret of members of our party over the resignation of the deputy minister of trade and commerce, Mr. Mitchell Sharp, and to express our gratitude—and I am sure all members of the house will join with me in this—for the magnificent, effective and unselfish service which he gave to the government through the civil service over so many years. I had the pleasure and privilege of being his colleague during part of that time, and therefore I am in a position to testify to the value of his unselfish service. I know he must have regretted leaving the civil service as much as we regretted seeing him go.

If Mr. Sharp had to leave, Mr. Chairman, he could not have been replaced by a better official than Mr. John English, who is now the deputy minister of the department and with whom I also have had the pleasure and privilege of working for many years as a member of the civil service. On my own behalf and on behalf of our party I would like to wish him well as he presides over the department in the capacity of deputy minister.

This item, Mr. Chairman, is related to the work generally of the Department of Trade and Commerce, and in preparation for the observations I want to make on that work I have been studying the annual report of the department. I have been looking at the report of the economics branch of this department. In the previous report for 1956 under this section "economics branch" there is this sentence:

During the past year, general economic conditions in Canada have been kept under review, and

a number of reports on various aspects of Canada's economic development have been prepared for official use.

This is the branch of the department, Mr. Chairman, which is responsible for the preparation of reports such as that famous so-called hidden report about which we heard last autumn and this spring; but in 1956 the reports of this branch were prepared for official use and official use only. For some reason or other, in the section of the 1957 report at page 53 dealing with the work of the economics branch there has been a slight change in reference to the duties of this branch, and this year the paragraph reads:

During 1957 general economic conditions in Canada were kept under review and a number of reports—

Including reports such as the famous hidden report.

—on various aspects of Canada's economic development were prepared—

And this is the change:

—mainly for official use.

I suppose it was necessary for the author of this report to include the word "mainly" to cover the practice of the Prime Minister in introducing to public attention some selected passages from a report of the economics branch that the branch said in the past was prepared for official use only.

I had hoped, Mr. Chairman, that in his review of the work of the department the minister might have given us the benefit of some information about the report for 1958, prepared by this branch on economic conditions in the country. It would have been very interesting to have received that information—perhaps more interesting, as it would have been more valuable, to have received it than it was last January and in the spring to have received selected passages from the previous report. If it was appropriate to have selected passages of that report made public in 1957, without any request from the house, perhaps it would have been even more appropriate to have had the information in the report for 1958 made public when it was requested by the house.

In any event, Mr. Chairman, it would have been helpful to have had an analysis of the economic situation as it was seen by the Department of Trade and Commerce, so that it might have been related to what the Minister of Finance had to say about it in his budget speech. However, that was not done.

In his review yesterday the minister emphasized, and quite rightly, the importance of foreign trade in our economy. Indeed, the magnitude and importance of our external trade are shown, as he pointed out, by the fact that the figures have now reached well over $10 billion. That development of our external trade over the years until it reached this unprecedented figure in 1957, which as the minister pointed out was 2 per cent above the figure for 1956, and owing largely to the increase in the early part of 1957, must bring us all a great deal of satisfaction.

It must also bring some shadow of anxiety because of the realization of what it means in our dependence on markets outside of this country for not only our prosperity but our economic stability. In a sense it emphasizes that we are—I do not want to be misunderstood in the way I am putting this—hostages of other people's fortunes.

That is shown by the fact that about one third of our gross national product is now derived from our foreign trade, which reached a per capita figure in 1957 of $625, I think, a figure not exceeded in any country in the world except New Zealand, a country which is hardly comparable so far as industrialization is concerned.

It is also interesting to remark, and the minister mentioned it yesterday, that $7 billion of our $10 billion plus foreign trade comes from our trade with the United States of America. There is no difference of opinion among members of the house as to the desirability of diversifying, in so far as it can be done by natural, wise and economic methods, our foreign trade and broadening and deepening the bases of that trade. In 1958, in a time of recession, we are all very happy to know that our external trade is holding up so well. The minister pointed out—I think he used these figures—that in the first five months of this year our exports were about 1 per cent ahead of the same period in 1957, and that our imports were down something over 16 per cent from the comparable period of last year. Our imports from the United Kingdom are up 2 per cent, I believe, but our imports from the rest of the commonwealth are down about 11 per cent. Our imports from the United States are down even more than that. Because of that fact in the first five months of this year the deficit, as the minister pointed out, has been reduced from $514 million to $173 million, about one-third of what it was last year, and the deficit with the United States has been reduced from $660 million to $374 million.

But any satisfaction we can derive from the reduction of the unfavourable trade balance with the United States must be sensibly modified by a realization of the causes that have brought about the decrease in the deficit, because it is due not to an increase in our exports but to a decrease in our imports and it is not due to government policy. It is not

due to any shift from imports from the United States or other countries to Canadian production and purchases but is due primarily to the reduction in business investment in Canada, especially in machinery and equipment, a very important part of the import trade. That in its turn is due to the recession and the fact that our economy has slowed up so far as investment is concerned. There is less need for the capital goods that we had to import, particularly from the United States, when we were in a period of expansion and boom.

It is also true, as the minister pointed out yesterday, that this decline has been accompanied by a shift in the geographical distribution of our import trade. In 1957 the United Kingdom took about 8.8 per cent and in 1958 that figure increased to 10.4 per cent, whereas the United States share declined from 74.1 per cent in 1957 to 70.9 per cent in 1958. But again, while we may take some satisfaction from that shift, and I think we should, it is not due to government policy but to the recession and to the nature of the imports from the United States compared with the imports from the United Kingdom. The minister knows that our imports from the United Kingdom are mainly consumer goods. The level of imports of consumer goods is determined largely by personal income in Canada; and personal income, consumption and expenditure in Canada have, fortunately, been holding up very well in recent months.

On the other hand, our imports from the United States have been mainly capital goods and consumer durables and, as I have just said, the volume of their import is determined largely by the nature of investment in Canada. That has been declining as the demand for these goods in Canada and other countries is very sensitive to a change in business conditions, which change has taken place.

I have been talking about our import trade. There is also a shift in the geographical distribution of our export trade. The United Kingdom and the commonwealth are gaining relative to the United States but, as I am sure the minister will admit, that again is largely due to the increased assistance we have been giving to the Asian countries of the commonwealth under the Colombo plan; and while we may welcome that increase, we should not blind ourselves as to the reasons for it. The dominant factor, however, in our foreign trade remains our trade with the United States of America, and if conditions do not improve in the United States not only will our trade with that country decline but our trade with other countries will also decline, because those countries will feel the impact of any recession in the United States and that in its turn will affect their ability to buy from us.

The present situation may then be summed up by the following proposition. While it is true to say, as the Minister of Finance said in his budget speech, and the Minister of Trade and Commerce expressed the same sentiment yesterday, that, to quote the Minister of Finance, "our trade deficit with the United States was reduced and our trade with the United Kingdom, the commonwealth and the rest of the world moved in the direction of more balanced relationships", it must be borne in mind that these changes and shifts in our trade picture have not been brought about by any systematic government policy but are the direct consequence of the current economic recession both in our own country and in the United States, and of the traditional nature of our trade relationships with the world but more particularly with the United States and the United Kingdom.

If our exports are holding up reasonably well, which is true and we all take satisfaction from it, it is important to analyse the reasons for that. The analysis made last night by the hon. member for Rosthern was a very simple one. He said that it was due to government policy and that disposed of the matter. Well, if he will study the export figures carefully he will discover, as perhaps he has already discovered, that our export trade is holding up largely because of the increase in three commodities, uranium, cattle and wheat. So far as uranium is concerned there has been a tremendous increase in our exports. This year they will perhaps be between $200 million and $300 million, whereas a year or so ago they were a very few millions and a few years ago they were almost nothing at all.

That increase is due not to the policy of the government but to the fact that the previous government managed to make an arrangement with the United States for the purchase of practically all the uranium we could produce at terms pretty satisfactory to the producers, and we are now reaping the benefit of that agreement. The agreement runs until 1962, and the minister must know that it is of the greatest importance to find markets for our uranium in other parts of the world. We are beginning that process, and it is very important to maintain it and expand the use of Canadian uranium for peaceful purposes.

So far as the cattle trade is concerned, I suggest to the hon. member for Rosthern that the government had about as much to do with the increase in cattle exports to the United States in the last year as the sultan of

Zanzibar, and I mean no disrespect to the sultan of Zanzibar. That increase, and it was a very formidable and desirable one, was due to a strengthened demand in the United States which in its turn was due first to the shortage of cattle because of the drought in that country and the need for cattle to restock United States ranges and ranches and, second, to the tremendous corn crop across the line which persuaded farmers and ranchers there to convert a lot of that corn into meat, for which purpose they were glad to have some Canadian cattle. While the government may have had very little responsibility for the increase in this cattle trade across the line, the government certainly has some responsibility for maintaining it. I am not so sure that that is going to be easy.

Mr. Nasserden: Would the hon. member permit an observation?

Mr. Pearson: I might, but I do not think you would, Mr. Chairman. A question would be something else.

Mr. Nasserden: What I tried to establish yesterday—

Mr. Chevrier: No; order.

The Chairman: I regret the necessity for informing the hon. member that his remark must be in the nature of a question which the Leader of the Opposition permits.

Mr. Nasserden: Thank you, Mr. Chairman. I wonder if the hon. member would tell us how we have been able to take advantage of this United States market if the policy of the government was so hostile that it turned the United States away from our market here?

Mr. Pearson: Yes, I shall try to deal with that and explain why we were able when we were in power to lay the basis for this cattle trade across the border which, up until June 28 of this year, has resulted, the figures tell us, in 171,333 head moving across the border. To explain this you have to go back to 1947, when the Canadian tariff on fresh fruits and vegetables was bound under GATT. This was a very considerable concession to the United States, in return for which the United States had to make some concessions to Canada. One of those concessions, and perhaps as it turned out almost the most important of those concessions, was that the quota on Canadian cattle exported to the United States was raised to 400,000 a year. It was on the basis of that agreement that last year we were able to take advantage of this situation by increasing our cattle exports to the United States.

I would point out, too, that to preserve that concession, and it is a very important one and becoming so important that there are a great many rumblings of dissatisfaction amongst the producers in the United States, we have to maintain the concession we have given to the United States on fruits and vegetables. I believe the government is now negotiating with the United States—I will be informed if I am wrong—about an increase in the duties on fruits and vegetables. If an increase is made then the United States is entitled, in its turn, to concessions. Demands are being made already in Washington for such concessions in return for this concession on fruits and vegetables which is being requested by the Canadian government. One of the demands which is being most persistently made is for an increased duty and a reduced quota on Canadian livestock, and this at a time when livestock producers in Canada need all the markets they can get and when the United States, because of interest in the development of these markets, is clamouring now with greater force than previously to keep the cattle out. There is the problem.

The third main reason for our increased exports is our exports of wheat and flour. As was pointed out by my hon. friend last night and by the minister before him, last year we exported 282 million bushels.

Mr. Churchill: No, 262 million.

Mr. Pearson: Well, 262 million, and this year we are about to reach 300 million. By the end of the year I believe we may very well be over the 300 million bushel mark. This is a very substantial and very satisfactory increase indeed. But let us see how that was brought about. Perhaps a clue to it, in addition to what the minister no doubt would refer to as the aggressive sales policy of the Canadian wheat board—it was not so aggressive last autumn when we aked him about the desirability of taking steps to sell wheat to Australia—is given in United States figures. Last year their exports were 546 million bushels, and this year that figure has dropped to 400 million bushels. The reasons for our increase within that comparative figure are, first, the gifts and long-term credits we have made available to Colombo plan countries. The minister mentioned this yesterday, and I am not criticizing or quarrelling with that for one minute. Another reason is easier credit terms generally, whereas when we were in power we were able to sell our wheat for cash or commercial credit, except when we gave it away for relief or for Colombo plan consumption.

When we talk about increasing our wheat exports under the Colombo plan, as part of the Colombo plan arrangements we must not forget that the Colombo plan was established

and operated for capital and technical assistance, not on the basis of supplying consumer goods. When we had responsibility for operating the Colombo plan we found the Asian countries hesitant indeed about accepting consumer goods rather than capital goods.

Then another reason for the increase, as the minister pointed out yesterday, was the sales of wheat to Russia. He knows, of course, who made the agreement that made those sales possible. Then for the first time for a good many years there were some sales to China, and I shall have a word to say about that later. Another reason for the increased sales was the higher quality protein wheat in 1957.

Another very important reason, which is illustrated by the United States figures, is that the United States barter program, which was that aspect of their surplus disposal program which, perhaps along with tied sales, was causing us the most damage and about which we complained most, was modified. This modification began in April, 1957, as a result of assurances which we received from the United States government. At that time the United States government said they would not operate barter sales in such a way as to interfere with normal purchases of wheat by the importing country; that is one reason why the United States has not sold so much wheat in the current year.

While we all may take satisfaction, therefore, out of this increase in our export trade, perhaps it is just as well to analyse the reasons which brought it about. We still have, and will have for some time, surplus disposal problems. I suggest that the government should, if it has not already, give consideration to a co-operative arrangement with the United States for a joint approach, a continental approach if you like, to the problems of surplus disposal, especially of wheat. The government should give consideration also to international schemes for the utilization of surplus wheat and other foods, something about which they talked a good deal when they were in opposition and which, when we were in power, we had taken up at international conferences but with which we did not, in those days, make very much progress. Perhaps circumstances are such that now it will be easier to make effective progress.

There is also the proposal which might be very important for our wheat producers, for a NATO strategic food reserve. This is a matter which was brought up in the NATO council in previous years and in which other members of NATO did not show very much interest. At the end of last year the Prime Minister and Minister of National Defence—I am not sure whether the Minister of Trade and Commerce mentioned it but certainly the Prime Minister, Minister of National Defence and Secretary of State for External Affairs—told the country that they had taken up at the December meeting of the North Atlantic council the feasibility—I am referring to page 2936 of *Hansard* for January 7, 1958—of implementing that proposal of creating a food bank, and that it would be studied, we were told, by the NATO council. In April, when the Minister of National Defence came back from the NATO defence ministers' meeting in Paris, he said that he also had advanced the proposal on strategic grounds of a food bank, a stockpile of wheat and that kind of thing; and he also said in April it was being studied.

I was very much interested in this proposal and the assurance we were given that it was being studied by NATO, because this might turn out to be a very important thing in the long run with regard to our wheat exports. So I was very much interested and somewhat disappointed to read the testimony of the United States ambassador to Canada before the senate foreign relations committee on May 16 last when, in answer to a question about this NATO food bank matter by a United States senator, he had this to say:

> As far as the department is aware—

That is the United States state department.

> —the Canadian government has made no detailed proposal in NATO or to the United States government that such a bank be established nor has any exploration of its possibilities taken place in NATO or the United States government.

Then he went on to say this:

> Without receiving further details regarding the Canadian proposal it is impossible to tell how it might fit into NATO planning which has already been done, but this government will of course be glad to consider any detailed proposals which may be made in NATO by our Canadian friends.

We were told last December that it had been done. We were told in April that it had been done. I suggest that it is time the government begin it and make detailed proposals to NATO for this purpose, which they have talked about now for six months but which the United States government says has never been received at all in Washington or NATO.

I now want to say a few words about trade with China. The minister has been stimulating our curiosity in recent weeks on this subject, as indeed he and some of his colleagues stimulated our interest in a somewhat more ambiguous way during the election. It is true that wheat sales have been made to China, but I suggest that perhaps the government may have had very little to do with this matter. If the government wish to take active steps to encourage wheat sales to China or sales of any other commodity to China—and perhaps over the years though not immediately there may be quite a market there for Canadian products—I suggest they will

never make any progress if the Prime Minister talks in public as he did in this house on November 1, when he related the question of diplomatic recognition to the question of sales, and with regard to diplomatic recognition said this as reported at page 654 of *Hansard* of that date:

> The attitude of this government is unchanged in that direction, and until such time as the people's government, the communist government of China, expiates its wrongdoing under international law there certainly will be no justification for the granting of recognition, as we see it.

That may be the policy of the government, and it is not in question at the moment in this particular debate. But to talk like that about a country to which you are hoping to sell goods does not seem to me to be very intelligent diplomacy. During the election campaign our position was stated very clearly, namely that we should do what we could as a government to develop our trade with China in respect of all goods which were not on the strategic list, and that for that purpose it would be desirable to send not merely a trade commissioner from Hong Kong to China but a governmental mission headed by a minister.

I ask the minister—and perhaps he will clear this matter up when he replies—what actually is the situation with regard to the strategic list for communist China. As he knows, over the years through a committee that meets in Paris—COCOM—lists have been agreed on with other NATO countries of goods which should not be exported to Russia and which should not be exported to China because of their strategic character. But there was a difference between the Chinese list and the Russian list. The Chinese list was more extensive than was the Russian list.

I have been trying for a good many months to find out whether that differential has been removed and, if so, whether the list of prohibited goods to China is now the same as the list of prohibited goods to Russia and whether that change, that co-ordination, has been agreed to by all the members of NATO. Until that change is made and until that differential is removed, it is going to be extremely difficult indeed for us to develop our exports to that country.

While over the years we may be able to build up an export trade to China, especially in agricultural products and in timber which were our two main exports in earlier years, we must not deceive ourselves that even under the most favourable conditions, this is something which will take place overnight. Perhaps within the next two or three years this may not be the market which will be the solution for an expanding export trade but it is certainly worth developing. Far more important, as I have said, and the dominant factor in our trade, remains our trade with the United States.

I should like to say something about our United States trade relationships, more particularly in the light of the very happy visit we have just had from the President of the United States, who talked about these relationships. In this vital matter of relationships with the United States, whether political, economic or cultural, I think frank talk helps. If it is given in the right spirit it will not hurt; it will help to bring about an understanding of our mutual problems. It will help to clear away the cobwebs of some of the after dinner sentiments to which we are all exposed on occasion and which do not seem to me to be a very substantial basis for a sound Canadian-United States relationship.

So far as I am concerned, I have tried over the years to speak perfectly frankly but in as friendly a way as possible about our relationship with the United States. I have a very vivid memory of a speech I made in Toronto as far back as 1951, for which I was criticized very strongly by some people in this country who since that time have directed to the United States far more vigorous criticism that I was giving then. At that time in 1951 I ventured to say that the days of relatively easy and automatic relationships between our two countries were over especially, as I tried to point out, in the realm of economic affairs, and that our mutual problems in the future were going to be more complicated, more difficult and more numerous.

Nothing that has happened since 1951 has caused me to change my mind as to the validity of that forecast. In the years after 1951 I do not think anything I have said departed from that position in talks that I made in the United States or in Canada. I recall very well that in those days my hon. friend and some of his colleagues when on this side in the opposition used words which went further in criticizing the United States than we went on the other side. I remember some of them agreeing in those days, as perhaps they agree today, although I am not so sure now, when I said more than once in public that defence co-operation between our countries, which is not only desirable but is essential, and economic conflict are not reconcilable. I still think that is true.

The Prime Minister now does not like that sentiment. In this house he has charged me with using threats by talking like that and of wrongly trying to relate defence and economic relationships. I think defence is an important part of our economic and trade

relationships with the United States of America, and I do not mind him putting on the record again what I did say, so I can confirm that I stand by what I said. One of the things to which the Prime Minister has taken exception was a remark I made with respect to economic and trade matters while in San Francisco during the summer of 1957. So there will be no departure from my statement, and to show that I still stand by it, I will read what I said. I was talking about the demands of the United States for further tariff protection against Canadian imports and the resentment this was causing in Canada because of the already great imbalance in our trade with that country. I said:

> The resentment caused in Canada by this process is increased when attempts are made to justify these demands for more protection on the ground that the requirements of defence make national self-sufficiency in certain commodities essential. This argument may well be valid in respect of certain vulnerable areas which might be closed to you as a source of supply in time of crisis or war. Surely it does not apply to Canada. We are the less impressed by the argument because on many other occasions we are told by other American authorities that defence can only be considered as a continental problem and dealt with on a continental basis. It is, I think, a simple, though significant, fact that any further restrictions on Canadian imports into the United States would make further defence co-operation more difficult. At least that is how I feel about it, and I am sure you would wish me to express my feeling in plain language as is customary when Americans and Canadians speak to each other.

That is what I said to the American Society of Newspaper Editors, and that is the way I feel about it. On July 10 the Prime Minister accused me in the House of Commons of trying to relate these two things in a wrong way and I would like to quote, as he did, what I said in this house on this matter in the debate on the reply to the speech from the throne. Just to prove that I stand by my remarks, I will quote not only the part of my speech which he quoted but I will add another sentence which he did not quote, as recorded at page 25 of *Hansard* for May 13, 1958:

> We must naturally protect our interests when they are prejudiced by United States policy. We must, for instance, make it quite clear that the United States cannot expect full and complete co-operation in continental defence, which is desirable, if she treats us unfairly in her tariff and trade policies.

I also added the following sentence, which the Prime Minister did not quote:

> But at the same time we must do everything we possibly and honourably can, to avoid economic conflict with the United States, which conflict would be bad for both countries and certainly disastrous for us.

That is exactly how I feel. Surely it is a good thing for the United States to know that in our view in this country the kind of defence co-operation which we would like to have—full and complete—is not possible, as it should be possible when there is economic conflict. We will co-operate with the United States with respect to defence, irrespective of economic policy, because we must in our own interests, for our own safety and for our own security; but that co-operation will not be as complete as it should be if there is economic conflict alongside it. That is what I said, that is what I mean, and that is what I still stand by. I would like to ask the Minister of Trade and Commerce when he next gets up to speak whether he disagrees with that particular doctrine.

On July 9 last, when the President of the United States spoke in this house he honoured us, he complimented us, by speaking frankly, as I think we should speak to each other but without recrimination on either side. He said, and he was right, that frankness is the measure of friendship, and in his speech he said some things which were true and valid. I think he put some of the differences, especially the economic differences, between us in perspective and perhaps in a little better balance than had existed previously. But he was stating the United States case just as our Prime Minister when he goes to the United States states—and I hope he will continue to state—the Canadian case.

While we must respect what the President said and I think we must be complimented by his frankness, we do not need to agree with everything he said any more than we have to agree with the United States policy all the time. He did state the United States case with respect to their agricultural surplus disposal policy in a way which perhaps helped us more than we have previously been helped to appreciate the United States side of the picture, but I am afraid he did not remove all our doubts as to the wisdom of United States policy in this matter in so far as its relationship to Canada is concerned.

He raised the question of base metals, about which we are pretty anxious because the exports of these metals are so important to this country. Here I think we should pay tribute to the efforts of the administration in Washington to maintain the position in that respect by preventing action which would keep out our base metals and by endeavouring to fall back on stockpiling, something which will help their own producers without, we hope, hurting ours.

I suggest, however, it is not a tolerable position in Canadian-United States economic relationships when in time of crisis—and I am thinking back to the world war and to Korea—we are asked to bend all our efforts in this country to develop our natural resources and to produce strategic materials

and make them available for the common good, particularly for that of the United States. Then when we do this and the crisis is past these considerations seem to be, if not forgotten, at least diminished in the minds of those who previously persuaded us and we are told that only economic considerations, particularly the considerations of local producers, really govern domestic policy. If we are to develop resources of this kind for the common good in time of crisis, surely we cannot be left high and dry with respect to that development and that production when the crisis is over.

During the war we faced this problem and we tried to solve it. We solved it very successfully in wartime by setting up joint boards in Washington. I particularly have in mind a board covering base metals and materials called the combined materials board; and perhaps the time has come—and I have mentioned this before in the last two or three months—for the government to explore the possibility of once again establishing a joint raw materials board with the United States for the consideration of these questions. Perhaps this would be a very good subcommittee of the joint cabinet committee, either on economic matters or on defence matters, because this is certainly an important aspect of defence.

The President also dealt with the United States action in regard to oil imports. He tried to remove some of our worries on that score, and emphasized that in the action they were taking they hoped to cause a minimum of damage to Canadian producers. Then he had this to say, and I quote from page 2085 of *Hansard*:

> We believe that to ensure adequate supplies of oil in an emergency, it is necessary that exploration to develop oil reserves be carried forward with vigour. This means a healthy oil industry throughout the continent and a healthy domestic oil-producing industry is vital to our national security.

Well, that is true; but I should like to substitute for that word "domestic" in the United States statement the phrase that a healthy "continental" oil industry is vital to our security. As I said in my speech in San Francisco, while it may be desirable for consideration of security not to be dependent on overseas sources of oil, you cannot use that argument in connection with continental production in North America. If defence is to be considered on a continental basis, then resources and material for continental defence must also be considered on a continental basis. Perhaps we are more aware of that necessity today than we were a week ago; because the events of this week must surely have driven home to people in Washington, London, Paris and Ottawa that in placing reliance on overseas sources, especially in the Middle East, for vital oil supplies one is resting on a very unstable foundation.

There was one other matter which the President talked about and which was probably also talked about a good deal more in private discussions. This was United States policy in regard to the exports by Canadian subsidiaries of United States firms to countries which are on the prohibited list as far as United States exports are concerned. As my hon. friend from Ottawa West pointed out yesterday, in spite of everything that has been said, we over here, at least, are still in some confusion as to the situation with regard to this very important matter, a matter which is not only of practical importance but of political importance, too, and which involves questions of principle and of national sovereignty.

I suggest the sooner we can get this matter cleared up the better it will be for relations between our two countries. Is it not an intolerable position that the United States should pass laws of extraterritorial application of the kind covered by this particular law, administered in such a way as to ignore the interests of Canada in her own trade? If in fact, as we have more or less been led to believe, the application of this law so far as Canadian exporters are concerned can be set aside by administrative action, I should hope that the United States administration would announce that they were going to adopt that policy with regard to such administration rather than merely suggest that every time there is a special Canadian case under this law consultations will take place.

There are a good many other things about which the minister talked. I am not going to deal with them all, because we will have a chance when the individual items of the estimates come up for consideration. I should however like to mention some of the omissions from his statement. There was, first, one very important omission. Perhaps this may not have been the right occasion for him to talk about the matter, but I hope he will rectify the omission before long. I refer to the menace of Soviet trade and economic policy to our own trade and export policy, and the ways in which we should meet it in concert with our friends, which is the only way in which it can be done. Perhaps a week ago we should have said that this menace was greater than the threat of military action.

There is no doubt whatever that in the last year or two a decision must have been made in Moscow to push ahead with an offensive on this particular front. We know the strides

the Soviet union has been making in export trade during the last two years and also with regard to aid, particularly to African and Asian countries. That aid in the last couple of years has amounted, I have been told—and the minister will correct me if I am wrong—to the figure of about $2 billion. This constitutes a real problem for Canada and the other free countries. It is something we will have to do something about.

Then there was another notable omission, an omission which was noted by my hon. friend from Ottawa West, namely the way in which commonwealth economic questions were dealt with, or rather were not dealt with. We did not hear very much about the results of the trade mission of last autumn to the United Kingdom. By this time I should have thought it would have been possible for the minister to be able to say something in concrete terms about the result of that mission, more particularly whether the government itself has increased any of its purchases over which it has control and diverted any of them from the United States to the United Kingdom. We heard very little at all about diversion. Perhaps diversion has now disappeared as an element of government policy.

We heard nothing—and it was a very important omission—with regard to the United Kingdom offer of free trade. The hon. member for Rosthern had something to say about this last night, and it was a very interesting observation indeed that we were all free traders. Then he went on to explain what he meant. I wish the spokesmen for the government would say the same thing in the same terms on the eve of the commonwealth economic conference.

Whenever we bring this up in the house we are always asked what our own policy is, and that is a fair enough question. The hon. member for Peel is not here today to ask it of me or it would have been asked before now. Our policy in this matter, as a party, has been stated more than once. It is that immediately that this offer was received we should have told the United Kingdom government that we would give it immediate, sympathetic and full consideration, and we would start discussions with the United Kingdom government in respect of it on the governmental level to explore the possibility of working something out. Whether or not the government has done that I do not know; they have never given us any reason to believe they have had any talks of any kind in respect of this very important offer.

Mr. Churchill: Would the hon. gentleman permit a question? With regard to the statement of the policy of his party concerning this offer, which he has mentioned several times and which he has now put on the record, he has based that on a resolution passed at the conference of the Liberal party last January. Would the hon. member put that resolution on the record in full, including the last two sentences in which I am particularly interested?

Mr. Pearson: We will be glad to do that. We will put it on the record in the interests of the discussion.

Mr. Churchill: In full?

Mr. Pearson: Of course. Our resolutions are published, unlike the resolutions of the last Conservative party conference. They are there for everybody to read, and we will stand on them.

Mr. Pickersgill: They hid their resolutions.

Mr. Pearson: I thought the minister was going to ask me what I meant when I said we would start discussions with the United Kingdom government. That would have been a good and reasonable question. I have in mind exactly the kind of discussions which the United Kingdom government is holding with European countries in working out a free trade area with the continental European countries. The move to work out a customs union on the continent was a very important development, and other European countries who were not included in this union had to make up their minds whether they would associate themselves with it in some form of free trade area or whether they would stand aloof.

The Scandinavian countries, Ireland and the United Kingdom and others were concerned with this. The United Kingdom took the stand that they must try to associate themselves with the customs union by working out a free trade area. They have been discussing this matter for a couple of years now, and that, I suggest, is what we should be doing at this time about the United Kingdom free trade offer.

In these European discussions there should be no delusion in anybody's mind about the difficulties in the way of working this out, and I think it is yet too early to say whether or not they are going to be successful. But they are trying to meet the objections to the establishment of a European free trade area by laying down provisions which would ensure that as the area is built up over the years—because they are going to take their time over it—the position of particular industries inside the free trade area would be considered, and the impact on them would be cushioned over 15 or 20 years.

That kind of approach would, of course, have to be made by any Canadian government

in talking to the United Kingdom government about a free trade offer. I suggest however to the minister that there is nothing which is of more importance in the economic problems facing this country or this government than arrangements which would have to be made for Canadian association with this European free trade area.

When I say that if we had been in power we would have begun discussions with the United Kingdom over these free trade proposals, I do not for a moment believe that any bilateral arrangement between the United Kingdom and Canada would be enough.

Even this kind of bilateralism is inadequate. Therefore we would have to do our best with the United Kingdom and with our friends to expand those arrangements over the whole of the Atlantic area. This means trying to bring in the United States.

Now, I have no illusions about the difficulty of this, or about the obstacles in the way of solving those problems of Atlantic freer trade. But, Mr. Chairman, this is the day of vision, and I do not know any more important or any greater vision, apart from building up our own country, than trying to build up the Atlantic area as a free trade, politically co-operating and defence area. Surely there could be no more important Canadian policy at this time, political or economical, than to take the initiative in that regard.

Here again I know something about the difficulties in trying to convert NATO, for instance, into something other than a defence organization. I have attended a good many NATO meetings, and at every NATO council meeting I ever attended we brought up the question of implementing article II. I confess we did not make much progress, very little indeed.

I also sat on the committee of NATO which was charged with the duty of working out recommendations which would convert NATO from a defence organization into a political and economic co-operative organization through consultation in non-military matters. We produced a report on this which is a pretty good report, but it is much easier to produce reports than to implement them, as indeed we pointed out in our own report. However, circumstances have now changed. During the last two years since that report was prepared the Europeans themselves have begun to build up their own political and economic area.

One of these days they will perhaps—I hope this is true—have completed that process. If they do, I hope they will do it in a way which will not shut out North America because, as the Minister of Finance and the Minister of Trade and Commerce have pointed out, it is absolutely essential that that European area be a low-tariff area, if we can make it so. Any other kind of European free trade area bodes no good for us. Therefore we should make, and I am quite sure we are making, our influence felt in Europe to ensure this does not happen. But our influence in this matter would be far greater if we could also take a lead expanding the proposed European free trade area into Atlantic freer trade.

I do not know anything more important, as I have said, than a Canadian government initiative along these lines. I do not know any more important vision before us—except the vision of building up our own country, and the two are related—than that of developing a great Atlantic free trade area, especially at this time when the free world countries, especially the Atlantic countries, must get closer together economically or politically or they are going to fall apart.

NATO has been the sheet anchor of our defence and our security in the last 10 years, but NATO is not going to survive, I am afraid, merely as a military alliance. Now that the Europeans have begun the process, now that the Russians are emphasizing the necessity of continuing that process—they very often are the people who make us aware of things like this—I hope the government will take very seriously indeed the desirability of not only discussing with the British a free trade area, but of broadening the basis of this discussion to include all the NATO countries and perhaps even as many commonwealth countries as would come into such an association. If we can do that, not only will we have laid a better and stronger foundation for our trade and economic policies in the future, but we may have laid a stronger foundation for peace and security in the world.

Mr. Smith (Calgary South): I wonder whether I might ask the Leader of the Opposition a question purely for information. He made an interesting reference to a form of continental plan for the development of resources of oil and gas, or oil in particular. I wonder whether he was referring to the often mentioned plan of considering the resources as a unit? If so, would he not feel that conceivably, based on the small percentage that Canadian crude represents in such a continental plan, our resources of oil might represent even a smaller unit or proportion than it does today?

Mr. Pearson: Yes. If I may deal with that point, I appreciate that particular danger and I did not have that particular device or procedure in mind when I talked about the joint materials board. I had in mind the

mechanism we developed during the war when it was necessary to produce raw materials on a continental basis for war purposes, quickly and efficiently, and when it was necessary to allocate that production over the whole of the continent, indeed, not only the whole of the continent but over the whole of the anti-Nazi world at that time. What I had in mind—and I go no farther than this at the present time because it requires a good deal of thought and study in working it out—is the kind of joint materials board such as the one we had in Washington at that time so that those problems, especially concerning base metals, oil and supplies of strategic materials, could at least be considered by both governments through their representatives on a continental basis. When one government felt that is was being unfairly treated, or that some development taking place in the other country was prejudicing a development in Canada, there would be this kind of mechanism to which to appeal.

That can be done now through governments, and of course it is being done, but perhaps it would be of some use to have a permanent committee. I know we talk a lot about boards these days, and sometimes boards are excuses for inaction rather than mechanisms for action, but perhaps it would be useful to have that kind of board, if you like, as a joint subcommittee of governments which would be meeting almost continuously, as it used to meet in Washington during the war, where those problems could be threshed out. But I did not have in mind the detail which my hon. friend mentioned in regard to oil.

As far as the second part of his question is concerned, I have only this to say. Perhaps he will agree with me, but perhaps he will not, that surely the economic way to develop our oil resources in western Canada would be to exploit the northwestern and western United States markets. That is the way it would be done in a rational world and we would get our oil supplies in the east where we could import them most economically, from overseas or from Venezuela, or from any other country. Perhaps that is the way it should be done in a rational world; but if this world, indeed if this continent, is not to be rational and if Canadian producers are prevented from access to that United States market and thereby prevented from developing their production, then I suggest that any Canadian government would have no alternative but to see what it could do to market our oil in eastern Canada. That is not anything that a government would want to do on economic grounds, but it is something a government might have to do on national development grounds especially if we are excluded from an economic market across the border.

While I am on my feet, Mr. Chairman, perhaps the minister would like me to put on the record this Liberal resolution.

Mr. Churchill: Yes; I have lost my copy of it.

Mr. McIlraith: Ours was printed and is available.

Mr. Pearson: I will be glad to send you 50 copies for distribution to your members.

Mr. Churchill: I have a large wastepaper basket, but go ahead.

Mr. Pearson: The resolution reads:

In that perspective—

Perhaps I should read the whole thing.

Mr. Churchill: Don't read the whole booklet.

Mr. Pearson: I will not read the whole book but I will read the resolution on trade, and I hope my hon. friends will be able to refrain from cheering as I read:

Mr. Brooks: Cheering or jeering?

Mr. Pearson: No, I said "cheering". I read:

The Liberal party has always favoured policies which promoted the expansion of trade on a multilateral basis, and under Liberal administration Canada's trade attained unprecedented volume. From a total of only slightly more than a $1 billion in 1934, our trade increased to more than $10 billion in 1956.

In view of the success of these policies—

An hon. Member: Oh, oh.

Mr. Pearson: Well, an increase from $1 billion to $10 billion may be considered as evidence of some success.

An hon. Member: Normal growth.

Mr. Pearson: Normal growth because of intelligent government policy. I continue:

1. The Liberal party believes that the prime object of Canadian trade policy should be to continue to increase exports as much as possible and to widen the geographical basis of our external trade. This expansion, not diversion of trade, is the only policy compatible with sound, rapid economic development and with increasing productivity and living standards.

2. The Liberal party believes that Canada should continue, within the framework of international agreement, to seek the reciprocal removal of trade restrictions in the world and to prevent economic isolationism.

3. The Liberal party also believes that to assure the security of the free countries we must work toward a close interdependence of our economies to gain greater opportunities for trade, full employment, greater productivity and higher living standards.

4. In that perspective, a Liberal government would give immediate, sympathetic and detailed consideration to the British proposal for the gradual establishment of a free trade area between the United Kingdom and Canada and would take

into account both the new opportunities that might be opened for Canadian industry and the importance of maintaining existing industries and living standards in Canada.

That is perfectly reasonable, and that is exactly what is happening in the development of the European free trade area today. That is exactly the way they are proceeding, because these transitions cannot be made overnight and they cannot be made without cushioning the shock in respect of industries which in the long run might benefit but which in the immediate future might be hurt.

Mr. McIntosh: I wonder if the hon. member would permit a question. Yesterday I asked a question of the hon. member for Ottawa West which, by the way, was not recorded correctly in *Hansard*. I was referring to world war II, not world war I. I said that prior to world war II Canada had 40 per cent of the wheat market and in 1956 Canada had 25 per cent of the wheat market, and I asked why there was this decline in view of the Liberal government's trade policies.

Mr. Pearson: Mr. Chairman, the hon. member for Ottawa West is jealous of his right to answer that question asked by the hon. member yesterday. He has been doing some research work, and he will answer it immediately I sit down. The last paragraph of this very progressive and important resolution reads:

In the same spirit, a Liberal government would also consider the possibility of a co-ordinated program for the reduction over a period of years of trade barriers within the commonwealth and Atlantic communities.

We are very glad today, Mr Chairman, in July, 1958, to stand on that policy.

Mr. Horner (Acadia): May I ask a question?

Mr. McIlraith: Now that we have had the resolution passed at the Liberal leadership convention of 1958 put on the records of the House of Commons, I wonder whether the Minister of Trade and Commerce would now place on the record the resolution on the subject of trade passed by the Conservative leadership convention in December, 1955.

Mr. Argue: Mr. Chairman—

Mr. Horner (Acadia): Mr. Chairman—

The Deputy Chairman: Does the hon. member wish to ask a question?

Mr. Horner (Acadia): I should like to ask the Leader of the Opposition a question. In his speech he dealt with the export trade to the United States, including livestock. Then he read the Liberal policy and stated that the Liberals have always worked toward freer trade. I should like to ask him why they did not obtain the removal of the embargo on Canadian cattle in 1946, when we could not ship our cattle to the United States and the price in that market was 30 cents a pound?

Mr. Pearson: I tried to point out that in 1947 we did take action in that regard and made an agreement under GATT which made it possible to get into the United States market.

Mr. Horner (Acadia): You could have done it two years earlier.

Mr. McIlraith: Perhaps I should answer the question asked yesterday by the hon. member for Swift Current-Maple Creek. I did not understand the question when he asked it yesterday but I saw it this morning at the opening of the house when I got *Hansard*. I find that as reported on page 2329 of *Hansard* the hon. member asked this question:

Will he touch on the question why Canada had 40 per cent of the wheat market prior to world war I and has only 25 per cent of the world market now?

This morning he says that he meant world war II. In any event, the very short and simple answer is that there are three reasons. If he relates it to world war I he will have to recognize the development programs in Europe, particularly the extremely high protection put on wheat.

Mr. McIntosh: Before we get an unnecessary explanation, may I say that my question had to do with world war II.

Mr. McIlraith: Well, it is still the same thing.

Mr. Bell (Saint John-Albert): For you people.

Mr. McIlraith: I do not know what the hon. member for Saint John-Albert means by that.

Mr. Bell (Saint John-Albert): You are living in the past.

Mr. McIlraith: From the hon. member's technique in the house I would assume that he has no appreciation of the problem of marketing wheat and its significance in the economy of this country. Perhaps he might refrain from interrupting until we deal with what I am sure the hon. member who asked the question will appreciate is a very important and serious matter to this country. I think the hon. member who asked the question asked it in a serious way and intended it to be treated seriously.

There is the whole question of the development of production in the European area. We recall the tremendous tariff protection,

indeed the virtual embargo, with respect to Canadian wheat imposed by certain governments in the immediate pre-war period in order to develop their production. We recall the development in Russia whereby Russia increased its production of wheat and used the weapon of trading wheat with certain countries in adjacent areas for heavy equipment which was needed, and by that device increasing her own wheat production.

In this morning's Montreal *Gazette* there is a Reuters dispatch from Moscow dated July 17 which is headed, "Red Wheat Hike". It reads.

> The area under wheat in the Soviet union increased by 34 million acres between 1954 and 1956 and now is one and a half times as big as the area under wheat in Canada, the Soviet news agency Tass announced today.

The third and most important factor is the tremendous increase in the production for export in the United States of America. I think the hon. member will agree that that is the most important of the three factors. The subject is one that is worthy of a full length speech. There are two very short documents containing some interesting data on the subject and treating it in a more historical way. There is a little booklet published by the Canadian institute of international affairs entitled, "What's Happening to Wheat" by M. Western and R. Hedlin. It is a very small pamphlet. Then there is another rather thorough treatise on the subject. It is a thesis submitted by Mr. M. W. Menzies, who I believe is now an economic adviser in the Department of Finance. The thesis was written in 1956 for the University of London, and it deals with the Canadian wheat board and the international wheat trade. It is a very comprehensive and thorough document and contains all the historical developments.

Mr. Churchill: It is a masterpiece.

Mr. McIlraith: I hope I have answered the question.

Mr. McIntosh: May I ask a supplementary question?

The Chairman: The hon. member for Assiniboia.

Mr. Argue: I think the house will agree that we have all been very patient and lenient about the number of questions that have been asked the previous speaker. I think he and his colleagues have been very generous in giving full answers to those questions. I listened with a good deal of interest yesterday to the statement by the Minister of Trade and Commerce. I was pleased to have this comprehensive review of the government's attitude toward trade with various countries.

It was a review of our experience and something of the outlook for the future.

The minister made a statement of which we were all aware, that during the current crop year there have been substantial increases in our exports of wheat. In this regard I am not going to follow the impression I received from the remarks of the Leader of the Opposition when he was speaking about it, that he wished to take away a substantial part, if not all, of the credit that might be due to the government for this improvement. I am quite prepared to give the government whatever credit may be due to them, and I think there is credit due them for having adopted policies which, if not entirely new, were certainly expansions of other policies and which have resulted in this improvement.

I hope the minister's statement that the coming crop year should equal the past one or perhaps even exceed it will be borne out by experience. I believe that if we can get our exports up from, let us say, the present 300 million to 350 million bushels as an annual target figure, even if we have larger wheat crops in the future than we have had in the past we will be able to liquidate the surplus we now have. I hasten to add, as I see the minister smiling when I ask for a further increase in exports, that I feel it is my job to keep setting a target for him so we will keep on improving. If crops are of average size or even less than that, according to the history of this country exports at the annual rate of 300 million bushels are enough to clear the crop.

There is another aspect of this matter which I believe should receive the attention of the minister immediately, and that is the whole question of the price the producer receives for the commodity. There are two important aspects of this subject, one sales and the other price. The minister has shown that there has been a substantial improvement in sales, but the same improvement does not apply to sales of barley or flax. In fact I believe there is no improvement, and that they are running at about the same figures as last year. There has been some improvement with regard to wheat.

I am wondering if the minister could inform the house, when he speaks, whether or not there is an application now before the board of grain commissioners by elevator companies for a further increase in their handling charges for grain. He will appreciate that any increase in the handling charges that might be allowed will come out of the producers' payment for wheat and reduce any subsequent interim or final payment.

I should like him to comment also on this aspect of the government's program, which was started by the previous administration,

namely the payment of storage costs on that quantity of wheat in excess of 178 million bushels in storage on July 31. Would he say whether, in the grain picture as it is now developing, the amount of storage the government will pay into the wheat board fund on account of this policy is likely to be reduced? I think that will follow as the surplus is moved to the markets of the world. When the government's payments into this fund are reduced, that will result in the wheat producers receiving an even smaller payment in the years ahead.

I noticed the other day a report in the press that the government's bond issue may result, and is likely to result, in an increase in the premium on the Canadian dollar. This would be another factor which would result in further deterioration in the price of grain. I am asking the minister, therefore, whether he can give us, when he speaks, the price picture and the price outlook so far as these important commodities are concerned.

I noticed with interest the minister's statement that exports increased in 1957 over 1956 by some 2 per cent. The minister seemed to me to be rather satisfied with what had been accomplished and with the general outlook. I believe that an improvement of 2 per cent in 1957 over 1956, in the light of all the circumstances, in the light of the needs of this economy, is in fact a rather dismal showing.

Mr. Churchill: It is a record.

Mr. Argue: I know it is a record, and I am going to have something to say about that. If we should keep on having a record every year of adding 2 per cent to our exports it means that we are falling down in the export field, because to increase our exports by 2 per cent, coupled with the statement of the Minister of Finance on previous occasions that the gross national product would probably go up by the same 2 per cent this year, means a continuing recession in this country. It is not good enough to have a 2 per cent increase, even though in dollar value this may be a record. Unless we are able to increase our exports by a much higher rate than 2 per cent we are going to have continuing trouble in our industries which depend on export markets.

The government has had some very nasty things to say about the previous administration. I always sit back and listen with a great deal of enjoyment when I hear government members tearing into the official opposition on the basis of their record. I think if the Minister of Trade and Commerce will look at the record of exports for the previous two years, as compared to the same time a year previous in each case, he will see that in times of prosperity in this country our exports were increasing by a figure much in excess of 2 per cent.

May I call it one o'clock?

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Argue: Mr. Chairman, I have in my hand some figures on the increase in total merchandise exports in recent years. I find that the Bank of Canada statistical summary shows that merchandise exports for 1957 stood at $4,935 million, an increase of $72 million over the previous year or 1.5 per cent. The merchandise exports in 1956 increased by $512 million over the previous year, or some 11.8 per cent. In 1955 merchandise exports increased over the previous year by $404 million or 12.4 per cent.

The point I am making is that while there was an increase of between 1 per cent and 2 per cent in 1957 over 1956 in commodity exports or merchandise exports, this was just a small part of the much larger increase that had prevailed in the two preceding years. I think there is a definite correlation between the very small increase in merchandise exports in 1957 and the very substantial unemployment this country has been facing.

The increase in the physical volume of exports which adjusts exports to a change in the purchasing power of the Canadian dollar, shows exactly the same trend. In 1954 the index for the physical volume of exports, based on 1948 equalling 100, was 109.6. In 1955 the index had gone up to 118.3 or an increase of 8.7. In 1956 the physical volume of exports was up to 128.3 or an increase of 10. In 1957 the index was up to 129.8 or an increase of only 1.5. Hence while there has been a moderate increase in 1957 it is a rather inadequate showing in comparison with that in previous years.

To me the disturbing part of the minister's statement is that he seemed rather satisfied with the 1957 volume of Canadian exports, and he seemed quite satisfied with the showing in 1958. He did not say to the house what is a fact, namely that our 1957 exports should have been higher and that the 1958 exports should be much higher than they are now. If the minister had been in the same frame of mind as his party was a year ago I think he would have had important plans that would result in a large increase in our exports. Instead, he was content all through his speech to take what seemed to be general satisfaction in the trade picture

as it now exists. In his opening remarks, as reported at page 2320 of *Hansard,* he said:

> For the year 1957 a new record total was established in our commodity exports, amounting to almost $5 billion, or about 2 per cent above 1956, which in turn had been a peak year. Preliminary figures for the first five months of 1958 confirm a further improvement in our foreign trade, with total commodity exports for this period amounting to almost $2 billion, or about 1 per cent ahead of the corresponding period last year.

Then he went on to say:

> Some of the reasons for this good showing—

He terms a 1 per cent increase a good showing. I would suggest that a 1 per cent increase is an inadequate showing and that very serious economic conditions will result in this country if we cannot get it above 1 per cent in the days ahead.

About a year ago now the government was making statements as to the effects which would flow from a commonwealth trade conference. When the commonwealth trade conference last year was concluded statements were issued on the wonderful results of this conference. From the statements that were issued at that time we thought a new era was dawning, but in the minister's statement today I see little attention given to the coming commonwealth trade and economic conference. He seems to take a rather conservative view, I would say, of what the results of that conference may be. As reported at page 2323 of *Hansard* he said:

> We are looking forward to the commonwealth trade and economic conference in September in the hope that there will be a further expansion of markets within the commonwealth, a removal of trade restrictions and the development of a new approach to some of the major trade and economic problems facing the world today.

We find there very little in the way of a definite policy and certainly, to me, no indication that the government really expects this conference to do a great deal for Canada. I do not know how the government can expect the conference to have any great success when, in advance of the conference, the government has announced that it would increase tariffs on certain goods coming into Canada from the United Kingdom. It would seem to me that the government announced in advance that it was putting roadblocks in the way of this coming commonwealth trade conference.

Mr. Bigg: You hope.

Mr. Argue: What was that statement?

Mr. Bigg: You hope.

Mr. Argue: That is not true, and the hon. member should not be making a statement like that.

Mr. Bigg: Then why all the gloom?

[Mr. Argue.]

Mr. Argue: In his remarks the minister has said—and his colleagues have indicated it also—that these tariff increases are going to take place. When it was announced in Canada that this government was increasing tariffs the press reports in Great Britain, as far as the conference was concerned, were very disturbing indeed. Some of the most influential publications in the United Kingdom questioned what would come of this conference in the light of the restrictive trade practices which this government had indicated it would follow.

The minister also, in my opinion, seemed to brush over rather lightly, though he spent some time on the subject, the common market being set up in Europe. I think this common market, if Canada is not associated either with it or with the free trade area, could have some very bad effects for Canada; and I do not make that statement on my own, for it has been made by some of the most prominent farm organizations in this country. They say it is clear to them that the common market which is to be set up in Europe might be disastrous as far as exports of wheat from Canada to Europe are concerned.

I hope the government will some day tell us what is its policy as far as the United Kingdom free trade offer made last year to Canada is concerned, and I think the government should now be considering, with the United Kingdom and other European countries, how Canada can associate itself with the free trade area and the common market in order to increase the volume of Canadian trade and raise economic standards in this country.

Something has already been said during this debate as to the United States action in limiting the flow of Canadian oil to that country. The export of Canadian oil to the United States and the development of the eastern Canadian market are most important to the people of western Canada. Recent events in the Middle East might suggest that some of the imports of oil normally coming to Canada from that area may be cut off, and I am wondering if the minister would agree to make a comment as to how any decrease in the flow of oil from Arabia and Iran into Canada would affect the Canadian market for our domestic oil.

The hon. member for Kootenay West in his speech yesterday emphasized the importance of developing the China market. The minister has told us that Canada has increased its trade with China and, in all fairness, this government seems to be interested in developing the market in China. But it seems to me that the government has two policies with regard to China, and that they

are inconsistent policies. The government puts its head in the sand as far as recognizing China is concerned and seems to pretend that the new government of that country does not exist. It tags along with John Foster Dulles and company, refusing to recognize the government of China; but, as if to attempt to gain for Canada the benefits of recognition, the government follows another policy of endeavouring to promote trade.

I am in the main interested in developing the second policy, but I say that if we are to take consistent steps to improve our trade with China then we should recognize the government of that country, and I hope the minister will use his influence within the government to see that such recognition is brought about at an early date. I am certain that such recognition would make easier our relations with China and would of itself lead to a substantial increase in trade with that country.

There is, I believe, one very serious omission from the minister's statement. I could scarcely believe that he had omitted any reference to the growing threat of the U.S.S.R. in the economic field. I do not believe the minister made any reference at all to that matter in his speech. As I read the reports of economists, newspaper writers and, yes, the speeches of heads of states, this would seem to be the major economic development in the world during recent months. There are growing reports that the U.S.S.R. is entering into very serious competition in the field of steel and that United States and Canadian steel prices and production may be seriously affected by such competition from Russia. The *Financial Post* of June 14, 1958 contained an article headed "Is Russia Gearing Itself for Pulp and Paper Push?", which reads in part as follows:

> Foreign observers bring back word from Russia that forest-based industries there are expanding quickly, both in size and efficiency.
>
> For instance there are estimates that Russia is spending $3 billion yearly to hike forest output and efficency.

The minister apparently does not think there is any threat in this regard. Growing trade and competition from the Soviet union did not warrant a reference by him at all, yet in the Montreal *Gazette* of June 5, 1958 there is a report headed "Red Trade 'Grab' Thrust on C.M.A.", which in part reads as follows:

> The price war being waged by the Soviet union in its increasing invasion of world export markets, including those for a number of Canadian products, was bluntly thrust upon delegates' attention early in the proceedings.
>
> This cut-price bid for business at the expense of Canada and other western countries was rated by H. V. Lush, of Toronto, C.M.A. president, as "just as dangerous as the military 'cold war' of recent years."

Those are the words of the president of the Canadian Manufacturers Association, and the article goes on to say:

> Russia, said Mr. Lush, is "pinching our toes" and preparing to "hurt us in the future" with deliberate efforts to "under-cut sensitive markets" at a time of North American economic slowdown.

There seems to be throughout the minister's statement a complete lack of policy and a complete lack of new thinking which the government referred to as being necessary and is thought to be necessary in other countries; and I suggest the only way Canada will be able to increase its share of trade in the world is for the Canadian government itself to take a more active part in promoting such trade.

The one feature of Canadian trade to which the minister was able to refer with pleasure and pride was the increase in Canadian exports of wheat, and this increase was brought about precisely because the government, in this instance, adopted new and far-reaching policies to move a product in surplus supply. The day has now arrived, I suggest, when in terms of trade we need a greater degree of government management and government promotion, and we say again that to deal with the increased threat of Soviet trade the government should be considering the establishment of such a policy, the providing of export and import boards, providing for the sale of Canadian products on a long-term contract basis and also the purchasing of Canadian imports on a long-term contract basis.

The government can pooh-pooh the idea; it can say "this is socialism, we do not have anything to do with it"; but the only product which has shown an increase, namely wheat, is sold by a government board that has complete control over the buying and selling of that product in respect to interprovincial and export trade, and also because the government had adopted new policies to promote the sale of that product.

The day of looking to convertibility of currency, the day when you can expect all the so-called free enterprisers who are engaged in the production and sale of various commodities consistently to expand Canadian trade year after year, is over; and these people and these industries, in the very words of some of their officers and some of their authorities, will not be able to meet the increased competition from the Soviet union which, they have been saying in recent days, is more dangerous to our way of life than the cold war itself.

I suggest that when the minister makes his statement he should give the house concrete proposals which he thinks will result in increasing Canadian trade, and I express the

hope that he can give us some assurance that in the year ahead our exports can increase by a volume very substantially higher than the 2 per cent increase of last year.

The Chairman: Shall item 391 carry?

Mr. Argue: The minister has been asked a number of questions, and I think it is customary about this time for him to make something of a general reply to the many questions that have been put to him.

Mr. Churchill: I am quite prepared to do so, but the hon. member sat down somewhat more hurriedly than I had expected.

Mr. Argue: Just two minutes short of my full time.

Mr. Churchill: I appreciate that the house would like to proceed as rapidly as possible with the estimates of this department, recognizing at the same time that in view of the importance of the department there should be no undue haste. But with the summer getting rather warm and the end of the session, perhaps, not too far away, I feel quite certain that hon. members would like to proceed as rapidly as possible with this department so they can deal with the others.

Mr. Argue: The haste is all on your side.

Mr. Churchill: No, I am quite patient about this. I appreciate the attention which has been paid to this subject of trade, and I am grateful for the kind remarks which most of the members participating have made with regard to the efforts the government is making toward increasing trade. I appreciate very much the suggestions which have been made for further improvements, even if I do not accept them all.

The speeches we have heard so far are typical of speeches from the opposition. One of the great advantages of spending several years in the opposition and transferring to the government side is that one knows precisely the type of speech that may emerge from opposition ranks. When I sat over there I used to examine the speeches made by the minister introducing the estimates of whatever department it was, and if I could find no fault with his speech—which is very much what has happened in the course of this debate so far—I would then look for omissions, things which had not been mentioned.

Members of the opposition have assisted me in this respect and pointed out all my sins of omission. And then I would go on to examine very carefully the policy as set out by the minister, or lack of policy, depending upon the point of view. All of that is perfectly right for an opposition, and I understand the attitude of hon. members and think their contribution to the debate has been constructive.

It will not be possible for me to answer every question that has been asked. If I omit answering something that should be answered I hope hon. members will draw my attention to it, because it will not have been done intentionally. I recall that some years ago when I was then critical of the then minister of national defence on his estimates, he would answer all the other opposition members who had spoken and leave me out entirely, which is not the type of treatment I propose to offer on this occasion. So if I do omit something please draw my attention to it. However, I will try to deal with some of the questions that have been raised, and in view of the contribution made this morning by the Leader of the Opposition perhaps I may begin by making a few comments on that.

I think in his usual fashion, as he got near the end of his speech and began dealing with the realm of external affairs, the hon. gentleman waxed eloquent—he is always more at home in this field than with regard to certain other matters—and drew our attention to what he called a broader vision of a western world more closely tied together economically. He spoke about freer Atlantic trade.

I fully appreciate his views in this regard, and draw his attention to the fact that in the spring of 1952 when I was seated in approximately the place now occupied by the hon. member for St. Boniface, and when my speeches in the House of Commons did not receive the attention which they perhaps deserved, I spoke on the subject of closer union of the Atlantic community and expressed sentiments somewhat similar to those expressed by the Leader of the Opposition today.

That is, I had what he calls a vision of a more closely linked Atlantic community; and in those days—and I hold the same opinion today—I thought it would be wise for us as western democracies to come more closely together than we were at that time, or are at this very moment, if we were to protect ourselves against the growing threat of nations which hold a different view on political matters. Part of that unity can be achieved, just as the Leader of the Opposition said, through closer links by way of trade. To that extent we are together in our thinking.

The hon. member was led into a final discussion of the European common market and the European free trade area, subjects which have been touched upon by the hon. member for Assiniboia and others. May I say that we are well aware of the problems that may arise if the European common market countries erect restrictive barriers against

trade with Canada. But as I pointed out in my speech yesterday, we have received assurances from them that that is not the intention. Moreover, they are all members of GATT and will negotiate with us under the terms of the GATT agreement.

I do not hold the views that some people do with regard to what may happen to our trade if the common market countries proceed with their plans. I think the six nations joining together and having free trade within their borders will lead to a higher standard of living in those countries, which in turn will result in greater buying power; and forecasts made of the six-nation common market development in Europe indicate that there will be an increase in population and an increase in productivity, just as happened on the North American continent, leading to an increase ability to purchase commodities from abroad. Thus it is not with alarm that I view the development of the arrangement among the six nations of Europe. At the same time we are keeping in contact with them in order that Canada's interests may not be overlooked.

The European free trade area is similarly being watched, and we have had adequate assurances from the United Kingdom that agricultural imports from Canada will not suffer any restriction if and when the United Kingdom enters into the free trade area with other nations of Europe. We are well aware of these problems and are keeping closely in contact with them.

Well, it was from a discussion of this that the Leader of the Opposition went on to his rather splendid climax, but earlier he was worrying himself about the co-called United Kingdom offer of free trade with Canada. I asked him to put on record the Liberal party's statement of policy in so far as that was concerned, and I indicated that the concluding phrases or sentences of that policy hedged it about so that it is almost if not entirely meaningless.

Then the Leader of the Opposition elaborated. He said, "Had this offer been made to us when we were in power we would have said, 'we will examine it; we will give sympathetic consideration to it, but we will go a step further, we will say now this is fine for the United Kingdom and for Canada, but let us not forget the United States; let us bring the United States in as well, and then we must not forget the commonwealth, and the commonwealth countries must be considered' ". So this sets the stage a little more broadly and extends the conversation.

Then I suppose he would have carried it a little further and said there are nations outside the commonwealth, not on the North American continent, that should be brought into this idea of freer trade among the nations. And I am sure that before the deliberations would have gone very far my hon. friend, had he been in office, would have said, in view of the probability of interplanetary communication, perhaps no further steps should be taken until the attitude of the residents of Mars had been considered. That is the way you consider, that is the way you take into account—

Mr. Pearson: That is an excuse for doing nothing.

Mr. Churchill: —the so-called free trade offer from the United Kingdom to Canada.

We are quite prepared to consider any suggestion with regard to expanding trade, but my hon. friend knows that suggestion was put forward as an objective, just as the suggestion of a closer link among the Atlantic community is an objective that can be worked for. It cannot be accomplished overnight and our United Kingdom friends said that this cannot be done in a day, a month or a year, and it might take 12 or 15 years to bring to fruition. Why are my hon. friends so alarmed about this matter? Let them produce some ideas themselves as to what might be done. We do not differ from them in being desirous of expanding trade, lowering the restrictions that now exist with regard to trade, and generally bringing nations closer together through the medium of trade.

Quite a number of references were made to China. I think we should keep the discussion with regard to China in proportion. There is theoretically a very large market there, 600 million people. If they all wanted television sets and refrigerators, why you would be kept busy for the next six generations supplying them. But it just does not follow that you can immediately expand Canada's trade with a country like China. Our policy is to make some attempt along that line, and that is precisely what we have been doing.

Canada's trade with China has been going on for years. It did not just start when we came into office or when our friends were in office; it has been going on for years. Since the war and the revolution in China that trade has been curtailed; nevertheless certain articles have been exchanged between our two countries over the years. During this year we were fortunate to re-establish a trade in wheat with China which 20-odd years ago was substantial. I think we are justified in taking some pride in the fact that several cargoes of wheat have been sold to China. That trade, if it can be maintained and expanded, might very well reach the proportions in the future that it was years

ago, and surplus wheat production in Canada might be utilized in the Far East. Therefore I think we are on the right ground there.

With regard to restrictions on trade with China, the Leader of the Opposition was asking about the strategic list and I think someone else questioned me as to what articles might not be sold to China. I have here a publication issued by the queen's printer, a reprint of the Canada *Gazette*, part II, volume 91, dated January 9, 1957, when my hon. friends were in office. It is called the Export and Import Permits Act, export control list. It gives the list of materials which are under control, and at the present moment negotiations are going on at the so-called COCON conference to see whether or not the list may be modified, but there is nothing concealed about it. Anyone may have a copy of it if they wish to get it and see what articles are under prohibition.

I noticed that the Leader of the Opposition had something to say with regard to our increased exports, particularly in wheat; and, as was pointed out by the hon. member for Assiniboia, he tried to make it appear that nothing we had done as a government had brought about the increase in the sale of wheat this year; that it was the short crop in Australia, the smaller crop in the Argentine, the higher protein value of the Canadian wheat, and so on.

These factors have their place in world trade in wheat. On the other hand he might have pointed out that there was a very large surplus of wheat in the United States which has its effect on the Canadian market in international trade, and that there was a very large European crop of wheat, which balanced out any loss in world production in the Argentine or in Australia. Although we cannot take credit for everything that happened with regard to trade in wheat, nevertheless as a government we did take some new measures and showed considerable activity in supporting the wheat board in suggestions they made with regard to increasing our sales of wheat abroad.

My first act after being sworn in on June 21, 1957, was to go out to Winnipeg and meet the wheat board and the board of grain commissioners for two days rather than asking them to come to Ottawa. That was the start of our developing a policy with regard to the sale of our surplus grains. Subsequently I met the wheat board again, journeyed with members of that wheat board to Europe in September, spent 10 days there calling upon and meeting over 200 representatives of the grain trade in Europe and assuring them that Canada would not enter into any sharp price-cutting war and was not going to upset the market in wheat.

Subsequently it was the policy of the government to make available wheat and flour to Pakistan, India and Ceylon under either a long-term loan or an outright gift to the extent of supplying $35 million for loan purposes and $15 million for outright gift purposes. Then for the Palestinian refugees, who have been in desperate straits for many years in the area of the border between Palestine and Egypt, we made an outright gift of $1½ million worth of flour.

All this was in addition to and without interfering with the normal development program under the Colombo plan to which a grant of $35 million has been made annually for several years. That was a forward looking policy with regard to the disposal of surplus food, and it was a policy devised and put into operation by this government. It resulted in moving a substantial quantity of wheat from the prairies, and I think the Canadian people as a whole approve of it. The more wheat we move from the prairies and from the elevators, the less we eventually pay for storage and the greater the advantage to the people of the world who require food.

That was the program during last winter. These things taken together made up our policy with regard to wheat and have resulted, when you take all factors into account, in a very good year with regard to the sale of wheat. We will exceed last year's record by 40 million or 50 million bushels, and the record of two years ago of 309 million bushels exported will be exceeded as well.

My only difficulty at the moment is that if we set too high a record in the export of wheat this year we will be under the grave difficulty of matching it a year from now. If we reach 320 million bushels this year the hon. member for Assiniboia, who wants our export of wheat now to be 350 million bushels, will raise that figure to 380 million. I am always at a disadvantage with my hon. friend who likes to be just one jump ahead of whatever anyone else proposes or whatever is being done. That is the record of the government and the wheat board with regard to our wheat sales, and it has all resulted not from an aggressive sales program as some people have called it—I have never used that term—but from an active policy directed toward moving our wheat into international trade.

I was very grateful to the Leader of the Opposition for drawing my attention to a word in the annual report of the department which, of course, I had not seen before and was not aware of. He referred to the sentence in the report of a year ago, "Various reports were prepared for official use", and pointed out that in the report this year the word

"mainly" had crept in so the sentence read, "Various reports were prepared mainly for official use."

Mr. Pearson: It crept in?

Mr. Churchill: I know how it got there, but I am not going to make any accusations. Of course I did not see the report until it was in published form and I did not compare it with that of the previous year. The burden the Leader of the Opposition has now placed on deputy ministers is that they will have to produce the preceding year's report and indicate to the minister the changes from the normal sentences which will appear in the new report, so it is an added burden on the civil service in the future. I am very grateful to the Leader of the Opposition for drawing my attention to that.

Mr. Pickersgill: In well run departments it was always done that way.

Mr. Churchill: Sometimes these reports are published during the course of an election campaign when it is not possible to see everything that is coming out. There has been some talk about uranium. Exports of uranium certainly have added to our total export position this year, and we are very grateful that the world needs uranium and that Canada has the supplies. As a matter of fact uranium exports for the first five months of this year reached a total of $89.9 million compared with $35.7 million the year before, and we expect that these exports will continue to add greatly to our export position certainly for several more years. It is rather difficult to see too far ahead but we are blessed with a bountiful supply of uranium and it may well be that as atomic energy is put to use more widely throughout the world, even after 1962 there will be an enlarged demand for uranium. Canada will be in a position to supply the world with the uranium that will be required for the various power plants that are now beginning to appear in different countries in the world.

I make no excuses for presenting the picture of our external trade in the best light. I have not intentionally concealed any facts. I pointed out in my speech that it is due to greater sales of wheat, uranium and cattle that the picture looks as favourable as it does at the present moment. There were reductions in the sales of other commodities. I did not list them in the course of my speech, but I mentioned the fact that there were reductions here and there.

The hon. member for Assiniboia thinks I was very complacent with regard to the trade picture. I had no intention of indicating any complacency, but I think it is a matter of pride for Canada that with a recession prevailing on the North American continent, we nevertheless had a larger export trade than a year ago. My hon. friend wants our export trade to be higher than it is at the moment, but he takes that position on everything that comes before the house. If I had said that our export position was 5 per cent or 10 per cent greater than a year ago he would have said that it should have been 20, 25 or 30 per cent greater. Once again it is impossible to satisfy that type of criticism of the facts of the case.

Mr. Argue: Would the minister permit a question?

Mr. Churchill: There is no complacency at all.

Mr. Argue: Is the minister satisfied with the 1 per cent increase in the first few months of this year over last year?

Mr. Churchill: I would have been terribly disturbed if the figure had been 1 per cent below the exports of last year, but we are holding our own and are doing better than some other countries. This is partly due to the policy of the government, the activity of the trade commissioners representing us throughout the world, and the excellent work being done by Canadian businessmen who are pushing their products in so many countries of the world. I think full credit should go to them for maintaining our exports at their present high level.

I used to be very good at listing omissions in speeches in days gone by, and my hon. friends opposite are doing quite well at it. The list of omissions includes one mentioned by both the Leader of the Opposition and the hon. member for Assiniboia. They said I had paid no attention in my speech to the growing threat of the economic warfare being conducted by the U.S.S.R. I could have included everything in my speech if I had continued for two hours. Many years ago speeches in the house used to run from two to five and a half or seven hours, but the modern practice has been to reduce the length of speeches.

So there were omissions; but the only reason I omitted a reference to that economic threat was that it had been mentioned so frequently either in the house in answer to questions or in public statements made by the Prime Minister in addresses elsewhere in the country. It was only a few days ago that the Prime Minister, speaking on the occasion of the visit of the President of the United States, and the President himself, made reference to this situation. On page

2801 of *Hansard* for July 9, 1958 we find the words of the Prime Minister of Canada:

> The communist world is waging an intensive economic global offensive of "aid and trade", an offensive which is not designed to secure profits in a bookkeeping sense in order to secure the ordinary values of trade for its peoples, but an offensive whose success will be measured by the degree to which the souls and hearts and the freedoms and aspirations of the recipients will be subverted under communist tyranny.

On other occasions he has mentioned this economic warfare, and in his statement the President mentioned it as well. I thought it was well understood by all hon. members, and that everybody in Canada was aware of that threat. We are well aware of it. There is the threat with regard to aluminum. We have looked into that. We have made representations to the United Kingdom, one of the great buyers of our aluminum, asking them to continue to purchase the Canadian product despite offers that might be made by the Russians at a much lower figure. We are fully conscious of the threat posed by the economic warfare of communist countries.

I received some advice and some comments, Mr. Chairman, from the member for Ottawa West yesterday with regard to which I might make some answer. Apparently I have dealt with quite a number of the things he brought to my attention. He did deal at some length with our trade with the West Indies and thought I had not made any elaboration of our policy with regard to those countries. That is quite right; I did not elaborate—

The Deputy Chairman: Order; I must advise the Minister of Trade and Commerce that his time has expired.

Some hon. Members: Go ahead.

The Deputy Chairman: Has the minister unanimous consent to continue

Some hon. Members: Agreed.

Mr. Churchill: I held out the suggestion of a 5-hour speech, and I think hon. members have agreed to that. I did not elaborate with regard to the West Indies for this reason. They are in the process of forming their federation. They have to effect a customs union amongst the islands that make up the federation before they will be in a position to deal on a government to government basis with other countries with regard to general trade matters. We have a sympathetic interest in the West Indies. We want to promote our trade with those islands, and our trade is complementary. We have the industrial base here and the manufactured goods to exchange with them for the tropical products which they can produce. Our trade with the West Indies has been going on for several generations, and I think can be extended.

[Mr. Churchill.]

Of course the hon. member for Ottawa West used this topic as a club to belabour me with regard to the decrease in shipping lines to the West Indies. This is not an immediate problem of mine, and he perhaps should save his remarks for some other occasion. On the other hand we have gone this far, that we have offered to construct and give to the West Indies a ship for their inter-island trade capable of travelling from Jamaica to Trinidad, a distance of something over 1,000 miles. There are ships from Canada engaged in the West Indies, though certain boats have been withdrawn from that trade. There is no evidence that the general trade with the West Indies has been seriously curtailed on that account.

I should like to mention two very helpful speeches which were made yesterday by representatives from Newfoundland, the hon. member for Bonavista-Twillingate and the hon. member for Burin-Burgeo. They gave some very helpful suggestions with regard to the fisheries industry in Newfoundland. I have read the speeches over again because of my interest in the subject. As I think I have mentioned, we have had six conferences with representatives from Newfoundland and Nova Scotia on the subject of Atlantic fisheries, and the speeches of my hon. friends have added some information to that supplied by those who have visited here.

I confess that like my hon. friend the member for Bonavista-Twillingate, coming as we both do from Manitoba, neither of us was as knowledgable with regard to the fishing industry of Newfoundland as we are becoming. My hon. friend, of course, has a greater knowledge of it than I have because he has a constituency there to represent. I note a similarity between the problems of the fishermen in the Atlantic coastal regions and the prairie farmers. There may be a need to take some new and different action with regard to the fisheries problems on the Atlantic coast. What that action should be I cannot say at the moment, but I am open to suggestions from hon. members who have had vast experience with regard to the Atlantic fisheries.

The government can only play a certain part with regard to the export of fish from Newfoundland and Nova Scotia. There are other voluntary organizations playing a part in that situation. With regard to Brazil, Jamaica and the other countries that are consumers of Canadian fish, naturally the government can make representations and endeavour through trade agreements or other means to maintain our markets there. The government cannot take some steps which appear to me to be necessary—and these were

not mentioned by my hon. friends—perhaps to raise the quality of the product that is now being marketed.

I recall some conversations with representatives of the fishing industry in the Atlantic region—I hope someone will correct me if I am not right in this statement—and I understand that we are not producing the types of graded fish that some of our customers would like to have. Whether or not my colleague the Minister of Fisheries will be able to produce some solution to that I do not know. But from the standpoint of the Department of Trade and Commerce we are doing what we can to stimulate the sale of fish from the Atlantic coast.

I think I can safely assure my hon. friends that our market in Jamaica has just been lost temporarily. The information I have had is that we will be back into that market. I hope that as we continue our negotiations, and as the Federation of the West Indies is more fully developed, we will establish very firmly our trade in fish with the West Indies so we will not run the hazard again of being undersold by subsidized fish products from other countries.

Other members made suggestions of one sort or another which perhaps we could take up as we come to the various items that are scattered through the estimates.

I presume I could go on at some length just in a debating sense countering arguments that were raised. On the other hand, it might be better if we got down to the specific items. If I have omitted things that I should have commented on, I will gladly take them up. I have not mentioned the contribution made by the hon. member for Richelieu-Vercheres except jocularly last night, the hon. member for Cartier and the hon. member for Mount Royal. We heard from the hon. member for Kootenay West, the hon. member for Timiskaming, the hon. member for Skeena and the hon. member for Port Arthur. I was grateful to the hon. member for Vancouver South for his comments on our trade with China and to the hon. member for Rosthern for his suggestions.

I think the hon. member for Macleod put his finger on the trouble that affects trade, wherein we fail sometimes to analyse the picture accurately and determine the dollar exchange balance because, as he pointed out, there can be no effective trade with another country unless they have dollars with which to buy our products. Basically that is one of the problems affecting world trade. The whole question of the price of primary products throughout the world is one which is before the nations now for consideration and I hope it will be considered at the commonwealth conference. If the price of primary products is depressed, the countries producing those primary products cannot earn the dollars necessary to buy the manufactured articles that they require.

One of the reasons for our emphasis on trade throughout the world is that we may, by buying or in some way getting imports from abroad, make it possible for those countries in their turn to take the products that we have for sale such as our forest products, the products of our mines and our agricultural products. If they have not earned the dollars, how can they purchase our products? That is why we want to diversify our trade and buy many things from other countries of the world. If we buy from the West Indies bauxite and alumina, citrus fruits and so on they will buy our fish. If we buy from the United Kingdom in quantity, we can sustain our market there for 100 million bushels of wheat each year. These aspects of our trade are constantly in our mind. That is why we want to broaden it out so that it is not too greatly concentrated in any one place.

That, Mr. Chairman, constitutes my reply to those who have spoken thus far. I hope that I shall be able to give answers to any who feel that they have been overlooked in the interval.

Mr. Chevrier: I wonder whether I could ask the minister a question. I do not want to hold up this item. He has dealt with the subject matter of trade and commerce at some length. But from time to time during the question period last session and, I believe, once during the question period this session I asked him whether he could tell the house what had been the result in dollars or pounds sterling of the trade mission to the United Kingdom and what amount of trade had been thus diverted? I remember that at one time he or someone announced that the hydro electric power commission of Ontario had given a large order for the purchase of electrical equipment for the main powerhouse at Cornwall. I believe there was also some question of the purchase of tin-plate by certain manufacturers in this country. I think the gist of the minister's answer from time to time was that in due course it would be possible for him to give a reply to the house as to the amount of purchases in dollars or pounds sterling. I wondered whether this could be done at this time.

Mr. Churchill: There has been considerable interest in the trade mission that visited England last fall and a certain amount of understandable curiosity on the part of my hon. friends opposite as to the exact dollars and cents return from that mission. I may at some time have said that in due course I would be able to provide the figures for

which my hon. friend is now asking. I have not those figures here today. I do not think they can be obtained very readily. I always considered that, as the months went by, the effect of that trade mission would become clearly evident. It is not a question of deciding this week or this month what purchases were made in the United Kingdom as a direct result of the trade mission. The only way in which I could get that information would be from members of the trade mission reporting directly to me as to the purchases which they made and which on other occasions they might have made elsewhere. Two or three members of the trade mission have indicated to me that they were considering very large orders with the United Kingdom as a result of their visit there.

It is all a matter of private business, and until these orders are placed and the goods are shipped it would be just impossible to get an answer that would satisfy my hon. friend. Perhaps later on towards the end of this year, as companies compile their returns and as the bureau of statistics reports on imports from abroad, we might be able to segregate some of these items and determine that these were directly the result of that trade mission. I am positive that we are getting results from that trade mission because of the statements that members of that mission have made to me, from the inquiries that have come from British industry, from the visit of British industrialists here some time ago. There is more to it than just the purchase of some goods from England at this particular moment. We look to see the establishment in this country of more branch plants from England. We are looking forward to a larger capital investment on the part of the people of the United Kingdom. We are looking forward to an increase in our imports from the United Kingdom with respect to goods that are not now manufactured in Canada. Those are, broadly, the purposes of that mission; and so far I have had no evidence that those purposes are not being fulfilled.

While I am on that topic may I say that someone was asking—it was the hon. member for Richelieu-Vercheres—about component parts of articles shipped into this country from the United States, and he thought that I gave a rather abrupt answer last winter, something which was not intended. I will give him a better answer now, or at least I hope it is a better answer. In the case of imports of manufactured goods from the United States such as tractors, these imports are attributed to the United States where the finished article is fabricated or assembled and subsequently consigned to Canada. Likewise imports of textiles manufactured in the United Kingdom are attributed to the United Kingdom even though the materials from which the textiles are made may originate in the United States or some other country. Canadian exports—for example automobiles—may contain materials or components which have originated in the United States or other countries but to trace the ultimate origin of materials or components of commodities imported or exported would be a formidable task involving extensive and expensive investigation. The information required is not now available to the government and would have to be sought from the business firms involved in particular trading transactions not only in Canada but also abroad.

That just indicates the difficulty in answering what is, I am prepared to admit, a question which arises in the minds of many people. In fact, the six nation common market group over in Europe are taking into consideration a problem allied to this one as to imports where the country of origin may have to be shown. However, in so far as we are concerned, no statistics are compiled and it is very very difficult to give the hon. member a better answer than I have done.

Mr. Chevrier: May I thank the minister for the time he has taken to deal with my question. It is a most incomplete answer; but as he says, it takes some time in order to ascertain what the effects of a trade mission of this nature would be. I would draw his attention to the fact, however, that when I asked my question it was over ten months ago and I have received no answer but I will still be willing to wait patiently in the hope that at a later date there will be some positive results to be reported.

It seems to me that when the mission departed it was in conjunction with the proposed diversion of 15 per cent of our trade from the United States to the United Kingdom —that seemed to be the objective of the trade mission—and the other question I would like to ask the minister is, has the idea of diverting that 15 per cent of our trade from the United States to the United Kingdom now been abandoned?

Mr. Churchill: I have never understood that any policy was announced framed in the terms of a 15 per cent diversion of trade from the United States to the United Kingdom.

Some hon. Members: Oh, Oh.

Mr. Churchill: I said policy—

Mr. Bourget: Was it a vision?

Mr. Churchill: I have always understood that the phrase was used as an indication of what would happen—

Mr. Chevrier: I used the word objective.

Mr. Churchill: As an objective. The objective of the mission to the United Kingdom was not based on any percentage. Our objective was definitely based on obtaining from the United Kingdom materials and supplies which are now coming from foreign countries and which are not now obtainable or manufactured in Canada and it was part of a program to re-establish a better balance in our trading relations.

I pointed out in my speech yesterday that our trade with the United States of America was of paramount importance—it has been so for generations and will continue to be so—but on the other hand over the last 15 years we have felt that that trade has got out of balance. We are buying from the United States over $1 billion more each year than we sell to them. We are not asking them to balance our trade out to the last degree but if they would take more of our products we would not be under this disability. We do, of course, produce things which the United States does not require—for example, Canadian wheat. There is no market for Canadian wheat in the United States and so we have to sell it to the United Kingdom, the European markets, Japan, China, Africa and so on, and our flour made from Canadian wheat goes around the world. The United States does not require flour at all. As I said earlier, the countries which do require and might use Canadian wheat and flour have to have the purchasing dollars to buy those products; they have to have something to exchange with us and so we have to trade with nations throughout the world.

If our trade is funnelled into one channel, namely the United States, how do we make it possible for these other countries to trade with us? We simply say it is wiser and safer to have our trade spread out among many countries and with respect to the $1 billion which we spend as an excess figure in relation to our imports from the United States each year, some of that money might be spent in Europe or in Japan or in Africa or in Latin America to buy products from those countries. They in their turn would buy manufactured goods from Canada or Canadian wheat or Canadian lumber.

That is the situation. Fifteen years ago Britain's share in the Canadian market was much higher than it is today and we suggested to them that here was an opportunity for them to re-establish their position in Canada's import market and get back to what was considered years ago to be a good pattern of trade—the triangular trade of Canada, the United Kingdom and the United States. The United Kingdom industrial component is now in such a condition, having recovered from the war, that it can produce many of the things Canada now gets from the United States and does not herself manufacture, indeed, which we might more wisely buy from the United Kingdom.

That is our policy. The Leader of the Opposition and the hon. member for Ottawa West were today lamenting the fact that our imports had declined; they said nothing about the fact that some of those articles formerly imported are now being manufactured in Canada. It is not dire ruin if your import figure goes down if, at the same time, your manufacturing figure goes up. Last year we imported less pipe for pipe lines than we would have done because of the fact that in Canada we can now produce the type of pipe in the size and quality desired. With respect to the pipe lines across this country, compressor stations are required to boost up the pressure, forcing the gas or oil along the line, and during the past 12 months a Canadian firm has been able to manufacture and supply compressors for one of those lines. This has reduced the import figure from the United States because those compressors would have come from that country had they not been manufactured here. So although we are trying to get our general trading pattern into better balance, we are not overlooking the fact that those who want to speak in terms of diversion of trade might get equal results by stimulating manufacturing in Canada, thereby reducing imports from the United States.

Mr. Pearson: Mr. Chairman, in view of the fact that the minister has mentioned one or two points with which I had attempted to deal, and in order to make sure there will be no misunderstanding with respect to what I said or intended to say, I wish to state that I was not opposed to a decrease in the amount of imports into this country if this was done as a result of the replacement of those imports by Canadian goods manufactured at reasonable cost and on an economic basis. Of course that is all to the good and such a diminution of imports is helpful. Furthermore, when we can diminish our imports by diversion—I am not afraid to use the word—to countries which have need of dollars to purchase Canadian goods and where we can get similar materials from those countries at a reasonable and competitive price, this is also desirable.

The main reasons, however, for the diminution of imports from the United States in recent months have not, surely, been the

increase of Canadian production, although that no doubt has had some effect, nor has it been because these imports have been diverted to the United Kingdom. Imports have diminished from the United States because of the fact that our investment situation and our trading picture in this country are such that we did not need to import capital goods such as we required a few years ago for our great development program. That surely is the major reason why imports have gone down. It is not the only reason but it must be the major one. When the minister talks about the desirability of restoring the pattern of trade to that of the old days—the triangular pattern—we must of course all agree with him. He must, however, know that no country and no government could have done much more to restore that pattern than the Canadian government has done since 1945.

That pattern cannot be restored until the pound is made convertible. You cannot have a triangular pattern of the old kind without convertibility of the pound, and when the British were unable to make the pound convertible after world war II because of the financial circumstances at that time arising out of the sacrifices they had made, the Canadian government made a great many dollars available to them—$2 billion—to help them get in a position where they could make the pound convertible and restore the triangular pattern of trade which was previously our salvation, if that is not too strong a word, and which we all hope will be restored before long. But this is something which the government of the United Kingdom has to decide. I hope the government of Canada, and the minister, will do their best at the forthcoming commonwealth economic conference to see that every possible progress is made in this direction.

Mr. Churchill: That is one of our objectives. I hope I did not give the wrong impression when I was speaking about the question of imports. I did not want to misinterpret the Leader of the Opposition in any way. I was just pointing out one of the omissions in his speech.

Mr. Chevrier: I have just one other question to ask if I may. The minister in his remarks did not deal at any length with the commonwealth conference to be held at Montreal in September. He made some reference to it in a general way, but I am wondering if he could not go a little further and give us an indication of the subjects likely to come up for discussion. After all, the conference is to take place in barely two months time and there must be a great deal of preparation going on in his department as well as in other departments which are concerned with it. Perhaps the minister could tell us whether or not the British trade proposals are likely to be considered, and I think the committee would appreciate any other information he might care to give at this time.

Mr. Churchill: I did not deal with this matter at any length because my recollection is that in the budget speech my colleague the Minister of Finance devoted some time to the question of the trade and economic conference which is to be held in September and, in fact, on page 1239 of *Hansard* I find his reference to that conference occupies virtually an entire page in both English and French in dealing with this. I have no elaboration to offer at the moment.

Mr. Argue: I think the minister made some reference to the possibility of Canadian subsidiaries of United States firms trading with China. I believe the question of the 1,000 automobile offer to purchase was first disclosed in February or March, but certainly it was long before the federal election, and at that time a statement was made that a thorough investigation would be carried out with regard to this particular offer and especially with regard to the alleged impossibility of Canadian automobile manufacturers supplying these automobiles. We all know that this question was further discussed when President Eisenhower was in Ottawa, and I wonder if the minister could give us some idea of the steps that were taken to make it a thorough inquiry, just what the inquiry involved, and whether he now feels with certainty that any such offers in the future could be accepted and filled by any Canadian company provided it could produce the product at a competitive price. I wonder, now, whether Canadian grain companies which are subsidiaries of United States companies are completely free to develop Chinese markets.

When this question has been raised before in this house the minister has maintained that while a certain number of companies may not be able to undertake this business we were fortunate that there were distinctively Canadian companies which were quite prepared to develop this market and which had been successful to some extent. My question now is: is it completely clear that all grain companies in Canada are free to develop the Chinese market, and is the minister completely confident—I am not sure that this was in his statement—that it is the intention of the United States administration to allow Canadian firms to compete in the non-strategic field in the Chinese market or in the markets of other communist nations.

Mr. Churchill: I have no evidence to indicate that there was a firm offer and acceptance in regard to the alleged intended purchase of 1,000 automobiles some time ago. However, instances have been brought to my attention of trading deals with China which might have been impeded by the restrictive law of the United States. As the hon. member has mentioned, we did discuss this problem with Mr. Dulles when he was here a few days ago. We received an assurance that the matter would be taken under consideration and we are pursuing the matter further. Although I cannot answer the hon. member's question definitely at this particular moment, I have every confidence that the way is going to be cleared so that we shall not be faced with this problem in the future. That, I hope, will free the hands, if they are tied, of any flour mill operating in this country whose parent is in the United States. But only a few days have elapsed since we had this conversation, and we have not had time to tidy the matter up. However, I have no reason to doubt that we will reach a satisfactory solution.

Mr. Argue: I was under the distinct impression from the statement the Prime Minister made following the president's visit that it had been tidied up. I am not endeavouring to misinterpret what the Prime Minister said; in thinking he said that, I was apparently in error. Since the matter has not been tidied up and since this process is still going on, can the minister say when he hopes to be in a position to give the Canadian people an unqualified assurance that in the field of non-strategic goods companies operating within the Canadian borders will be free to take any business that is not barred by Canadian law.

Mr. Churchill: The hon. member asks me to give an assurance when this may happen, or if I am hopeful that this may happen. I live in daily hope that all my problems will be solved within 24 hours. It does not work out that way, but I do have hopes that this particular problem will be solved very shortly.

Mr. Pearson: I should like to follow this up, because the secretary of commerce of the United States is reported to have stated in Washington while the president was visiting this country that exemption from this particular United States law, which has extraterritorial effect, in that it applies to United States citizens and United States corporations and subsidiaries of the United States corporations outside the United States, can be granted by administrative action on the part, presumably, of the president or some member of the executive. He gave the impression in his statement, as reported from Washington, that that would be done.

Now, Mr. Chairman, if it were a matter of amending the law, that would be a very complicated question indeed and I can understand why the president, or indeed any other member of the administration, could not give the Canadian government the assurances which they might have requested, though this matter has been before the United States government presumably for a good many months. But if it is a matter of administrative action to exempt a corporation, or a person, from the operation of a law, then surely there is no reason why there should not be a statement from the administration in Washington confirming what the secretary of commerce is reported to have said to the effect that when this law operates to interfere with business from Canada of a kind which is proper and legal under Canadian law, that administrative action exempting the Canadian subsidiary from the law will be taken. Surely, the government could press the United States government to give the assurance that that administrative action would be taken in every suitable Canadian case, and then the problem would have been disposed of.

Mr. Churchill: Mr. Chairman, the matter is being actively pursued. If it can be done in the way the Leader of the Opposition suggests, by administrative action, that will be the easy way out. I saw a very brief report along the lines that he mentioned but I have not had any confirmation of it.

Mr. Argue: I am rather disappointed that we have this kind of explanation now, in the light of the Prime Minister's former statement, because I was under the distinct impression from his statement that the matter had been cleared up at that time to Canada's satisfaction, in that Canada expected that from the moment President Eisenhower made his statement it was being cleared up from that time on and Canadian companies were free to undertake this kind of business.

There is some doubt as to whether a company can or cannot undertake that business because it seems to be waiting on some future action. The minister said it might happen in 24 hours. Now it depends on some future action by the United States administration.

Mr. Churchill: I think what is required is a specific instance where there has been an offer made and they are on the point of acceptance. Then we shall know the actual facts of the case and what may happen. My hon. friend is expecting a little too much too quickly but we are not inactive in this matter. As the Leader of the Opposition understands from his long experience, you have to move

along certain channels and make certain representations. You have to get all the i's dotted and the t's crossed. Governments do not just make those blanket statements without very careful consideration. Therefore, if my hon. friend will be patient I think this will turn out all right. We could not have done more than what has been done at the present time. We made the representations to the people who have the authority to act.

Mr. Argue: When?

Mr. Churchill: When our distinguished visitors were here. Now it is just a matter of following the thing up.

Mr. Pearson: Mr. Chairman, we on this side really have been pretty patient in this matter. On March 27 I think the Prime Minister said that this question would be taken up immediately with the United States, and he gave the country every reason to believe that not only was it to be taken up but that action would be secured and that United States policy was an infringement of Canadian sovereignty. When we asked the Prime Minister questions in the house a couple of weeks ago as to what action had been taken the minister will remember that he informed us that representations had been made to the United States some time in July, I think it was early in July. But on further examination, the representations turned out to be not governmental, not even diplomatic representations but that an official of his department went over to the United States embassy and talked over the matter with somebody in the embassy, perhaps with the commercial consul.

Mr. Churchill: That is the way you used to do it.

Mr. Pearson: No, that is not the way we used to do it.

Mr. Churchill: That is the way you used to start.

Mr. Pearson: I hope in our day we never waited two months before we made that kind of start.

Mr. Pickersgill: After the Prime Minister had promised action.

Mr. Pearson: After all this promised action two months ago we had this rather niggling initiative and then the President came. I agree that when the government had the President here they could take it up with him, and that was probably the right procedure to follow then. But it would have been much better if this arrangement had been made through diplomatic discussions before the President got here so that he would have known all about the problem, he would have been briefed, Mr. Dulles would have been briefed, and all they would have had to do—and this is what you really should do at a summit conference—would be to sign on the dotted line. It would have all been worked out before.

Now, we do not know really what has been worked out, whether the agreement had been merely to consult in the appropriate instances. Whether action can be taken by administrative action. If the latter, as the secretary of commerce of the United States has indicated, I hope the minister will not wait until a concrete case comes up but that he will press the United States government to make a formal statement to the effect that in every such case, if it can be done by administrative action, Canadian corporations will be exempted from the operation of this law, which is the only thing that really we can expect as vindication of our sovereign rights in regard to the control of our exports.

Mr. Churchill: My hon. friend understands that we can ask the administration of any country to do certain things but then action itself rests in their hands.

On the subject of impatience to get an answer to this particular problem, may I point out that the United States law and the regulations governing the authority of United States subsidiaries in a foreign country have been on the statute books of the United States for many years during the period in which my hon. friends were in office here, and the alleged purchase of the 1,000 motor cars from Windsor occurred before my hon. friends were retired from office and they did nothing about it. We were the ones who were impatiently waiting for action from a government that had been in office 22 years.

Mr. Pearson: Mr. Chairman, perhaps my hon. friend will tell me the date on which the law in question was passed in Washington.

Mr. Churchill: Certainly before June 10, 1957.

Mr. Pearson: Indeed it was, Mr. Chairman, but not very long before June 10, 1957, and on no occasion while we were in power was that law in any way, shape or form used against any Canadian exporter to any country of the world and we had no reason to complain at all.

Mr. Argue: The minister said we cannot do anything concerning a matter within the sovereignty of another country. Surely, the conduct of business organizations within Canada is something which should be within the sovereignty of this nation and of this parliament. If the United States refuses to grant this very fair request, the minister

and the government should consider what I suggested they do a few days ago, namely introduce in parliament a Canadian law requiring Canadian corporations to act in a business way to the advantage of this country and to make it a penalty for them to carry out the law of another foreign country if such a law is detrimental to our nation. I think the statement of the minister that they are still working on the case and we cannot expect to hurry too much is a most disappointing answer.

There seems to have been a great change in the tempo of the government since March 31. Before that time, if something had to be done, it was done forthwith, action was taken quickly. Four months have gone by now and for all we know it may take another four months before the people of this country can be given the full assurance that the welfare of Canada in the selling of its commodities is not to be interfered with by another country.

In his response to a statement that the U.S.S.R. was continuing an all-out trade effort, the minister referred to increased competition from that nation in the field of aluminum. Can he say whether the new, dynamic trade policy of the U.S.S.R. has interfered in any way with the volume of export and conditions of sale of any other Canadian commodities?

Mr. Churchill: I missed one or two words there.

Mr. Argue: The minister said it was quite apparent that the U.S.S.R. had been very aggressive in the sale of aluminum to European nations and had been cutting prices. Are there other commodities with regard to which we see the effect of this new, aggressive trade policy and, if so, what are the other commodities that are affected? As the minister has said, the Prime Minister has pointed out the very serious aspects for the western world of this new trade policy and trade drive. My general question is: How is it affecting Canada?

Mr. Pickersgill: Before the minister answers, if the hon. member would permit me I should like to clear up one factual point with regard to what was being discussed before. Did I understand the minister correctly to say that this incident about the 1,000 cars arose when the previous administration was in office? The minister nods indicating that is so. In that case, the minister admits this took place before June 21, 1957, and that the Prime Minister did nothing whatever about it until March 27, 1958, four days before the election, at which time he only talked about it. Then it took two more months before any action whatsoever was taken and then by a civil servant going down to the embassy here in Ottawa.

Mr. Churchill: Let us get the record straight.

Mr. Pickersgill: That is what I was trying to do.

Mr. Churchill: My hon. friend is very ingenious—

Mr. Pickersgill: I was reciting the facts.

Mr. Churchill: —at establishing records. My information is that the alleged transaction was initiated when my hon. friends were in office. It did not come to our attention until just before the election in 1958.

Mr. Pearson: Does the minister know whether it was ever brought to the attention of anybody in Ottawa before March 27, 1958?

Mr. Churchill: I always assumed that you people knew everything down here.

Mr. Argue: Is the minister going to answer my question?

Mr. Churchill: I am sorry. I do not have information available as to specific items in which Canada's trade has been interfered with seriously. I have mentioned aluminum with regard to which I have some accurate knowledge. I believe that our lumber exports have suffered quite a bit from Russian competition.

Mr. Argue: What about wheat? I know that eastern countries have been buying some wheat from us. I refer specifically to the increase of 34 million acres in wheat production that it is said the Soviet union has accomplished in the last two or three years. Has the minister any comments to make on whether there is any appearance of increased competition from the U.S.S.R. in this field at this time and whether the production from this new 34 million acres, which is one and half times the acreage of Canadian wheat production, is likely to be serious?

Mr. Churchill: I was not aware of that very large increase in the acreage devoted to wheat in Russia but from time to time Russia has had wheat for export. We have never been sure whether this was due to a surplus quantity of wheat or whether it was being exported for some other reason. As my hon. friend knows from his experience as a farmer, crop conditions vary from year to year and although increased acreage may pose a threat weather conditions can remove it.

Mr. Argue: The minister must have seen press reports in the last three or four years, as all of us have, to the effect that Russia was endeavouring, if I remember correctly, to bring about 70 million new acres of virgin

land into the production of grain crops, most of it in Siberia. While I think reports will show that they have not reached that goal, I do think the report of 34 million acres additional land in grain production in this morning's press is very likely to be correct. It would seem to me that Canada should at all times be studying the situation and be aware of any great drive to increase grain production in a country like the Soviet union because the new drive in the export field that country is now undertaking may have very serious consequences for the Canadian agricultural industry. I hope it will not and I do not know that it is now but it would seem to me that this is part and parcel of the Soviet union's economic drive to step up the production of aluminum, steel, pulp and now wheat.

Mr. Cardiff: May I ask the hon. member whether he is sure about the figure of 34 million acres?

Mr. Argue: That is why I am asking the minister. It would seem to me that with the many trade commissioners and embassy and other officials and his intimate knowledge himself he is the man to give us the correct figures. I was merely saying that on the basis of press reports I have seen over a number of years and in the absence of any statement by the minister to the contrary it would seem to me that the figure of 34 million acres might well prove to be correct.

Mr. Churchill: I am not sure that it is possible to get information with regard to matters in Russia that is completely accurate or satisfying. I think there has always been some difficulty along that line. However, we do attempt to keep informed with regard to wheat production throughout the world and we do not look with too great favour on countries which are subsidizing the production of wheat on a high cost basis when we have here in Canada the best wheat producing land in the world and can produce wheat at a lower cost than almost any other country. Were it not for the long freight haul we would be in an even better position competitively. But I do not think we need to become too alarmed with regard to an unknown number of acres put into wheat in Russia. Suppose this has happened. Suppose that an additional 34 million acres of wheat are grown in Russia and a tremendous surplus of wheat becomes available in that country. I presume at that stage my hon. friend will ask what the policy of the Canadian government is, but I would prefer to wait and see before we are pushed into that position.

[Mr. Argue.]

Mr. Chevrier: I should like to revert to another matter discussed earlier having to do with trade with the West Indies. The minister said earlier that that was not an immediate problem of his.

Mr. Churchill: No, the ships.

Mr. Chevrier: I agree that from an administrative standpoint it is not. The ships are owned by Canadian National Steamships and the person who speaks on their behalf in the House of Commons is the Minister of Transport. But I am sure that in the over-all aspect and having in mind the field of trade the minister considers and realizes that it is a matter of deep concern to his department. I raise the problem because, as the minister knows, one of his predecessors in office, the late Hon. Mr. MacKinnon, spent a great deal of time in activating trade between Canada and the West Indies. Indeed, he made several trips and I think he had a lot to do with enhancing the atmosphere of friendship that already existed between Canada and the various islands of the West Indies.

The problem that arises and gives me some concern, notwithstanding what the minister has said, is that the government has stood by while these eight ships were being withdrawn from service. He said here that he did not consider the trade between the islands and Canada had been seriously curtailed because of this withdrawal. Of course, I cannot challenge that statement other than to say I doubt very much the accuracy of it. After all, there was a considerable amount of trade carried by these eight vessels. The fact a new ship is going to be furnished by the federal government is not going to have any effect at all on the trade because that ship is going to operate between the various islands of the West Indies. It will, I am sure, create good will for Canada, but it is not going to help the actual trade between Canada and the West Indies.

The question I am prompted to ask now is this. Does the minister not think that a serious attempt ought to have been made by the government to keep these ships in operation? Failing that, if a sale has to be made as seems to have been the decision now, would it not have been better to sell them to some agency in the West Indies in order to maintain the trade between the two countries?

Mr. Churchill: As the hon. member was asking these questions my mind went back a few years and I found myself regretting that I had not paid more attention to the Department of Transport when I was in the opposition instead of paying so much attention to the Department of National Defence.

Then I would have been able to put to the then minister some of the difficult questions which he is now putting to me. In those days I directed my attention to other departments. I did not want to get involved in a discussion of the ships that my hon. friend has mentioned, because I thought this was a topic he would prefer to discuss with the Minister of Transport.

With regard to whether or not our trade with the West Indies has been curtailed, the hon. member says my statement may not be correct. That question was asked in the house some time ago and the information I received at that time was that other shipping interests had taken up the trade formerly carried by these Canadian National vessels. Whether or not the information I received was accurate, at any rate I was informed there had been no curtailment of trade between Canada and the West Indies. I am quite prepared to have another look at it, and if it develops that the trade between our countries has been adversely affected by the discontinuance of this particular line of ships, then of course we might have to review the matter. But I have no knowledge at the moment that any of the trade between Canada and the West Indies is less today than it was earlier because these ships are no longer in service.

Mr. Tucker: Some time ago the Minister of Fisheries, and I believe the Minister of Trade and Commerce, held a meeting with representatives of the Newfoundland salt fish trade association, the Newfoundland department of fisheries, the Newfoundland federation of fishermen, and representatives of the Nova Scotia salt fish exporters association to study the many and varied problems of the salt fish industry. I should be grateful if the minister would advise this house if he is prepared to make a statement on the outcome of this meeting.

Mr. Churchill: I believe I made a statement with regard to meeting these various organizations the other day in answer to a question in the house. My hon. friend is now asking, what was the outcome of this meeting. This meeting was very informative. I am very grateful to the people who came to Ottawa to give us the information that they had. These men had years of experience, either as fishermen themselves or in endeavouring to sell the products of the fisheries. Quite a number of suggestions were put forward with a view to the improvement of the fishing industry on the Atlantic coast.

The decision I came to, after listening to these representations along with my colleagues the Minister of Fisheries and the Minister of National Revenue, was that on the official level discussions should continue, and plans would be formulated, if at all possible, aimed at improving the fishing industry of the Atlantic provinces along the lines suggested by those people who came to see us. Some of the things they mentioned had to do with the processing of the fish; the packaging of the fish; methods of shipping or warehousing; overseas shipments; general sales promotion; things of that nature. The officials have been instructed to continue negotiations and evolve a plan, and to put that plan before us as soon as that can be conveniently done.

I was impressed by the fact that the fishing industry does require something in the nature of assistance, whether it is through advice as to how best it should operate or the assistance of departmental officials in organizational plans, something along that line, I do not know. Apparently something has to be done to assist the fishing industry of the Atlantic coast. Whether the plan evolved will come from those actively engaged in fishing, from the Newfoundland provincial government, from the Department of Trade and Commerce, from the Department of Fisheries or from a combination of all four, I am not sure. However, this combination of four has been instructed to get to work to see if some plan cannot be formulated.

Mr. Pickersgill: I should like to follow that up for a moment, if I may. I do not want to press the minister about what he said about Jamaica. I was very much encouraged by his confident expression that we would be back in the Jamaican salt fish market at the end of this six-month period. I hope his optimism is well founded. I realize it might be awkward to pursue this matter at this time when negotiations are presumably taking place.

I should like, however, to be assured by the minister that active steps are being taken, rather more active steps than seem to have been taken about this motor car trade with China, to get back into the Brazilian market. At one time this was a very big market and it was lost because of currency restrictions, through no fault of the Canadian government. I could not be too critical of the present administration if they were not able to get back there. But I would be very critical of them, and I am sure everybody on the Atlantic coast would be very critical, if they were not trying very hard, using every possible device they can think of in negotiations to that end.

The minister said a few words about the European market, and he was kind enough to make a rather flattering reference to a speech I made, as well as to the excellent speech

made by the hon. member for Burin-Burgeo who knows far more about the fishing industry than I do.

There is one brief suggestion I made yesterday that I should like to repeat to the minister today. I imagine this suggestion would actually require to be implemented through the Department of Fisheries. The minister talked about the shortage of fish for the European market. It is quite true that the quality of fish required for the Spanish and the Italian markets, which pay a better price than does any other market for salt fish, has been short the last two or three years, since Mr. Winters made his visit to Europe and negotiated the increased market there. I urged upon my colleagues in the previous administration,—without success, I admit—I urge upon the minister, and I intend to urge upon the Minister of Fisheries, that we should adopt a system of premiums for this high quality fish for a few years in the hope of having the production kept up and possibly expanded until such time as the technical and economic problem of making that improved fish in fish plants is completely solved.

The minister will perhaps recall that before the war, when we were seeking to get into the market in the United Kingdom—I know my leader knows a great deal about this matter—for bacon and cheese premiums were used very successfully to expand the Canadian production rapidly in order to get that larger fraction of United Kingdom markets which we had in those days and about which the minister spoke earlier. It seems to me that that device, which we know through experience worked very well in the case of bacon and cheese, would probably work well also in the case of this high quality fish.

Mr. Howard: A moment ago the minister made a comment I believe in answer to a question asked by the hon. member for Assiniboia. The reference was first to aluminum and whether there were any other commodities with regard to which Russia had been able to underprice us and undersell us and thus affect what may have been traditional Canadian markets. He mentioned lumber particularly as having suffered because of lower prices being offered by the Soviet union in what were traditionally our markets. I wonder first whether the minister could expand that statement that our lumber exports have suffered by mentioning the markets which we have lost or in which our sales have dropped as a result of Russian sales of lumber.

[Mr. Pickersgill.]

Mr. Churchill: I have not that information readily available. I would have to have it looked up and perhaps give a report to the hon. member at a later time.

Mr. Howard: I should like to make one other comment in that regard. It arises not only out of the answer just given by the minister to this specific question but out of other answers of a similar type. Would the minister not consider that it would probably be more advisable to follow the lead of his colleagues and arrange to have departmental officials here to advise him on some of these detailed questions which may arise.

Mr. Churchill: Yes; but I am waiting until we get past this first item and I am hoping now that the hon. member is suggesting that we move on,—

Mr. Howard: It is not a suggestion to move on, it is a suggestion to get some information.

Mr. Churchill: —that we may move on past the first item. The procedure is to have officials here in order to provide answers to the specific questions which are asked, not on the first item on which there is general discussion but when hon. members start asking specific questions on lumber or something like that. I think the hon. member is suggesting the officials should be here.

Mr. Howard: I should like to point out that the minister himself raised the question of lumber in the first place.

Mr. Churchill: But I did not ask a question about it.

Mr. Pearson: This is I think a general question. In rising I should like to bring the minister back to the West Indies and to his trip there in May when he was attending the ceremony on the birthday of the West Indies federation and when at a press conference he is reported as being asked by a correspondent of the London *Times* whether Canada regarded the West Indies as their protege rather than Britain's. The report goes on to say that the Hon. Gordon Churchill gave an answer that added up to the view that Canada did regard the West Indies as its protege rather than Britain's. Would the minister like to comment on that very important statement?

Mr. Churchill: It is a very important statement, Mr. Chairman; and my friend the Leader of the Opposition, with his fine experience of press conferences, knows perfectly well that this is a fabricated answer because it says that my answer added up to such and such. It did not say that I said it directly, and of course I did not say it at all.

Mr. McIlraith: There are one or two general matters with which I want to deal before we move on from item No. 1. They arise out of the minister's remarks this afternoon. The first one has to do with the discussion about the proposal of the chancellor of the exchequer of the United Kingdom for free trade between Canada and the United Kingdom. In dealing with all that had been said about that matter yesterday and this morning by hon. members on the opposition side of the house, the minister disposed of it rather quickly; and as I understood his remarks and tried to note them down, he tried to liken that proposal to a suggestion put forward in the same way by the Leader of the Opposition about the Atlantic area trade, and he left the whole matter there. I think it should be pointed out to hon. members that the proposal for free trade between the United Kingdom and Canada was put forward by the chancellor of the exchequer of the United Kingdom at a conference called by the Canadian government to decide whether or not a commonwealth trade conference should be held. At that conference I think all the commonwealth countries were represented by their ministers, or nearly all of them; and it is quite a different matter than a suggestion made in a speech in the house here. It is something that I do not think he should brush aside quite so lightly as he has done.

The second point I want to deal with is this. Yesterday and again today the minister dealt with the balance of trade between certain areas; that is between Canada and the United States and between Canada and the sterling bloc or the United Kingdom. In both his speech yesterday and again today he made a rather flattering reference—and I think properly so—to a speech made by the hon. member who spoke last night on balance of payments.

Mr. Pickersgill: The hon. member for Rosthern.

Mr. McIlraith: No.

Mr. Churchill: The hon. member for Macleod.

Mr. McIlraith: Yes, the hon. member for Macleod. I want to draw to the attention of the minister one omission in his speech yesterday in relation to this subject and to find out whether there is any significance in it. I noted it yesterday when he was delivering it but I did not refer to it earlier. As reported at page 2321 of *Hansard*, the second column, the minister, in talking about the pattern of trade, goes on to give, for example, the commodity exports to Great Britain, the commodity exports to other commonwealth countries and to the United States. Then in the next paragraph he refers to imports from Great Britain rising by two per cent and imports from the United States falling. Then in the next paragraph he went on to say this:

> The trade figures that I have given are indicative of three developments. First, Canada's foreign trade with the world as a whole has been maintained—

And so on. Then he says this:

> Second, a certain measure of diversification and expansion of trade has taken place leading to a better balance in our trade pattern.

What concerns me is that the minister in dealing with the item gave the exports to three areas, namely the United Kingdom, the remainder of the commonwealth and the United States. He then gave the imports from two of those areas, the United States and the United Kingdom. Imports from the U.S. have of course dropped and that would make an apparent improvement in the balance of commodity trade with that area. Exports to the U.K. have risen, which would also make an apparent improvement in the blance with that country. But the minister omitted to deal with the second part of the problem. He failed completely to refer to imports from the remainder of the commonwealth, and I would respectfully suggest to the minister that if he is going to make a distinction between the rest of the commonwealth and the United Kingdom he should have elaborated a little further. If the minister will refer to the weekly bulletin of the dominion bureau of statistics dated Friday, July 11, 1958 he will find in the second last paragraph on page 9 these words:

> Imports from the United Kingdom reached $116,200,000 in the first quarter of 1958, some 2 per cent higher than in the first quarter of 1957.

Then the first sentence of the last paragraph reads:

> Canadian imports from the commonwealth fell about $36 million in the first three months of 1958, some 14 per cent below their 1957 level.

What I would like to know from the minister is the reason why he dealt with the three areas in respect of export figures and only two of them in respect of import figures. Is it because he is seeking to balance the trade with each country individually or what was the reason for the rather noticeable omission?

The third matter which I wish to deal with arises out of the discussion this afternoon about the 15 per cent diversion of imports from the U.S. to the U.K., which was brushed aside rather hastily by the minister. I think it is well to place on record some of the newspaper references to this matter which are rather interesting. It will be seen that these Canadian newspapers are important ones. I

think one or two of the many such references will serve to illustrate why I believe the Canadian, British and other people are entitled to believe that the Prime Minister and the government meant what they apparently said on the occasions when they advocated a policy of diverting 15 per cent of our imports from the U.S. to the U.K. Firstly, the London *Times* of July 8, 1957, carried an article, part of which I will quote as follows:

> Mr. Diefenbaker, the Canadian Prime Minister, told a press conference yesterday on his return from the commonwealth conference in London that Canada has as a planned objective the diversion of 15 per cent of her present imports from the United States to imports from the United Kingdom.

Then the Ottawa *Journal* of the same date had this to say:

> The diversion of 15 per cent of Canadian buying to the British market would make "a substantial improvement" in trade with the United Kingdom without damaging business relations with the United States.

Mr. Diefenbaker: Mr. Chairman, I have mentioned this on more than one occasion, but I do not mind the repetition over and over again of a song that was sung throughout the election campaign. However, the first statement mentioning an objective, is a statement that was not made and any of these other quotations will have the same effect on this house as they had on the country when they were quoted during the election campaign.

Mr. McIlraith: I do not know if the Prime Minister is now repudiating his policy.

An hon. Member: He is not.

Mr. McIlraith: But will the Prime Minister kindly extend the courtesies to other persons in this house which are extended to him?

Some hon. Members: Hear, hear.

Mr. McIlraith: He holds a very high office—

Some hon. Members: Oh, oh.

Mr. Diefenbaker: Mr. Chairman, on a question of privilege—

Mr. Chevrier: There is no privilege.

The Chairman: The hon. the Prime Minister.

Mr. Diefenbaker: I do not mind anybody misinterpreting me when I am here but when I say that a statement was not made excepting that our objective was to bring about an improvement—that was the statement—if my hon. friend wants to go on and misinterpret me and to utilize the time of the house for the repetition—

Mr. Pickersgill: What is the question of privilege?

Mr. Diefenbaker: To repeat a statement that is untrue, I will say no more.

Some hon. Members: Hear, hear.

Mr. McIlraith: Mr. Chairman, with respect to your dealing with a question of privilege, there is none, as you will have seen. I was reading quotations from various newspapers and I propose to continue to do so in answer to something said by the Minister of Trade and Commerce in this house this afternoon —a very important matter—when the Prime Minister of Canada was not in this house. I have no criticism of him for that—he was undoubtedly on proper and urgent business requiring his attention—

Mr. Diefenbaker: I was on government business.

Mr. McIlraith: But I say we as members of this house have the right to expect one holding the very high and honourable office of Prime Minister—

Mr. Ricard: Don't get excited.

Mr. McIlraith: —to extend to hon. members who rise to speak the kind of courtesy he receives in this house.

Some hon. Members: Hear, hear.

Mr. McIlraith: And we are entitled to have you, Mr. Chairman, apply the rules to us when we speak in this house.

An hon. Member: You are whining, you are not speaking.

Mr. McIlraith: I propose to continue my remarks on the subject of item No. 1 of the estimates of the Department of Trade and Commerce and the remarks of the minister on that item when we were discussing the question of trade diversion from the U.S. to the U.K.

Mr. Diefenbaker: As long as you don't falsify the record.

Mr. McIlraith: If the Prime Minister will just possess his soul and have the courtesy and patience to read my remarks in *Hansard* he will see that when he was talking to the Minister of Trade and Commerce my remarks were in order.

Some hon. Members: Hear, hear.

The Chairman: I regret to interrupt the hon. member, but in making a ruling there was no intent of discourtesy in the present debate and it would be appreciated if the hon. member would adhere to the discussion of the resolution now being considered.

Some hon. Members: Oh, oh.

Mr. McIlraith: You, Mr. Chairman, have no right to an opinion on whether it is discourtesy or not.

Mr. Chevrier: Hear, hear.

The Chairman: I regret to tell the hon. member that he told me he expected me to have courtesy in this house—you yourself—

Some hon. Members: No, no.

Mr. McIlraith: I did not say that.

Mr. Chevrier: He directed his remark to the Prime Minister.

The Chairman: That was the way in which the Chair interpreted it, and it would be appreciated by the Chair if the hon. member would speak about the resolution being discussed.

Mr. McIlraith: Mr. Chairman, I made no reference to discourtesy from the chair at all.

Some hon. Members: You did.

Other hon. Members: No, he did not.

Mr. McIlraith: I want to make it very clear, Mr. Chairman, that there was nothing of that nature intended. In any event, to show how this was regarded in the country I want to read some more of these press clippings.

In the Kingston *Whig-Standard* of July 9, 1957, the following appears:

> Mr. Diefenbaker has returned from the commonwealth conference in London. What he proposed there came as no surprise since the new Prime Minister has long advocated more trade with Britain. He has also long been concerned about Canada's unfavourable trade balance with the United States and now proposes that 15 per cent of our purchases from that country should be diverted to Great Britain.

Mr. Diefenbaker: Those are observations from the press instead of quotations.

Mr. McIlraith: I am well aware of the rule but I am entitled to proceed unless I am out of order.

Then the *Financial Post* of October 12, 1957 had this to say:

> Mr. Diefenbaker, who started it all with his declaration that he wanted to switch 15 per cent of Canadian trade from the United States to the United Kingdom, took personal charge.

And another from the Winnipeg *Tribune* of October 18, 1957:

> The mission is a development that followed the suggestion of Prime Minister Diefenbaker last July that Canada switch 15 per cent of her imports from the United States to Britain. Such a move would double Canadian imports from Britain to some $1 billion a year.

The Montreal *Gazette* of November 22 had this to say:

> Prime Minister Diefenbaker said here yesterday that he has every confidence that the Canadian trade mission to the United Kingdom will achieve its objective of diverting 15 per cent of Canadian imports from the United States to Britain and thus save this country from "ultimate economic danger."

Then, the *Globe and Mail* of January 24, 1958, said this:

> A preliminary but significant shift in Canadian trade has developed a trend toward the 15 per cent target suggested by Prime Minister Diefenbaker for diversion of Canadian purchases in the United States to Britain.

There are a great many more of these excerpts but there is one which is, I think, of particular interest. I refer to a comment by Sir David Eccles, reported in the Montreal *Star* of April 28, 1958. Sir David Eccles, who is president of the United Kingdom Board of Trade, is not an inconsequential person, as I think the Prime Minister will readily agree. He, apparently, was in some degree of uncertainty about this policy, with reference to which he had this to say:

> I think the proposed 15 per cent shift in Canadian import habits will take a few years to really get under way.
>
> The switch of 15 per cent will create a beneficial situation for all three countries. It will strengthen the economy of Canada and Britain and give Britain more dollars to spend on the North American market. But once again this is a long-term proposition.

The point I wanted to make was that in the light of this kind of newspaper comment in very responsible newspapers all over the country, and indeed in some outside the country, it should not be a matter of surprise, surely, that hon. members should have asked, on the estimates of the department concerned, what this policy really is, how it is working and so on. The Minister of Trade and Commerce had something to say on this subject, too, by the way. It is interesting to see what the minister had to say as reported in the Windsor *Star* of November 19, 1957:

> Prime Minister John G. Diefenbaker suggested last July that Canada might divert as much as 15 per cent worth of its imports from the United States to the United Kingdom.
>
> "Over a period of years that is not impossible," Mr. Churchill maintained.

That latter part purports to be a quotation from the minister.

Mr. Churchill: Is it in quotation marks?

Mr. McIlraith: Yes, that latter remark is in quotes—"Over a period of years that is not impossible." When that kind of story goes out throughout the country, surely there is some reason for believing that people concerned with trade should ask what is the policy of the government with regard to this matter. I am sure that if the Prime Minister were to read what has been said on this subject yesterday and today he would see that what has been asked have been perfectly proper inquiries in relation to the subject matter, and he would himself wish that the Minister of Trade and Commerce

had taken a minute or two longer this afternoon in order to deal a little more fully with the subject than he did. I am aware of the fact that the Minister of Trade and Commerce had a great many questions to answer and that it is not always possible in one speech to gather up answers to so many questions, but when the Prime Minister looks into this he will see exactly what the problem is and, I am sure, he will share with us, though he may not care to admit it, a desire that the position should be clarified and that any impression, right or wrong, which had been created on the subject should be put right for all time.

Mr. Jones: Would the hon. member permit a question arising out of the remarks he has just made? Is he not aware that earlier this afternoon the leader of his own party said he was in favour of a return to the triangular trade pattern and claimed that the Liberal party had sought to re-establish that pattern, which would be the result achieved by the very thing which the hon. member has been criticizing.

Mr. McIlraith: I will answer the question and then have some comments to make on it. This is not a simple proposition as the hon. member seems to imply. This is a far deeper and far wider-ranging thing, involving taking away $600 million worth of business from our best customer. I would point out—and this is a very interesting thing—that in the last two days almost all the questions which have been asked by private members on the government side have been directed to hon. members on this side of the house instead of to the ministerial benches.

An hon. Member: We cannot understand you, that's why.

Mr. McIlraith: It shows the need for the government to explain its policy on these matters, and the absence of policy by the government, and the absence of explanations—

The Chairman: Order. It being five o'clock it is my duty to leave the chair.

PRIVATE BILLS

Mr. Speaker: There being a number of divorce bills standing for consideration in committee of the whole, is it agreed that all be referred to the committee of the whole in one motion?

Some hon. Members: Agreed.

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill No. SD-56, for the relief of Margaret Patricia Winckworth Thornton Sherwin.—Mr. McCleave.

Bill No. SD-79, for the relief of Benita Gertrude Kozlov Cohen.—Mr. McCleave.

Bill No. SD-80, for the relief of Marie Marguerite Amelia Genier Wright.—Mr. McCleave.

Bill No. SD-81, for the relief of Winifred Jean Garrett Somers.—Mr. McCleave.

Bill No. SD-82, for the relief of Frances Erdanova (Erdan) Weiskopf, otherwise known as Esther Weiskopf Weiskopf, otherwise known as Frances Erdanova (Erdan) Stern, otherwise known as Esther Weiskopf Stern. —Mr. McCleave.

Bill No. SD-83, for the relief of Mac Bernard, otherwise known as Manny Bernard. —Mr. McCleave.

Bill No. SD-84, for the relief of Marcelle Gagnon Lachance.—Mr. McCleave.

Bill No. SD-85, for the relief of Jean Claude Albert Leonard.—Mr. McCleave.

Bill No. SD-86, for the relief of Anne McCluskey Templeton.—Mr. McCleave.

Bill No. SD-87, for the relief of Lillian May Seymour Perez.—Mr. McCleave.

Bill No. SD-88, for the relief of Lucille Esther Hudson Donnelly.—Mr. McCleave.

Bill No. SD-89, for the relief of Dorte Glahn Carnie.—Mr. McCleave.

Bill No. SD-90, for the relief of Marie Therese Carmen Pauline Legault Lortie.— Mr. McCleave.

Bill No. SD-91, for the relief of Joseph Leo Nolet.—Mr. McCleave.

Bill No. SD-92, for the relief of Naomi Ruth Wolfson Fischel.—Mr. McCleave.

Bill No. SD-93, for the relief of Florence Lillian Henderson Pinkney.—Mr. McCleave.

Bill No. SD-94, for the relief of Francine Major Daigneault.—Mr. McCleave.

Bill No. SD-95, for the relief of Odette Lemay Dussault.—Mr. McCleave.

Bill No. SD-96, for the relief of Joan Collie Showler.—Mr. McCleave.

Bill No. SD-97, for the relief of Johanna Hendrika Jilderda Haring.—Mr. McCleave.

Bill No. SD-98, for the relief of Patrick Charles Stanford.—Mr. McCleave.

Bill No. SD-99, for the relief of Beryl Elizabeth Scrase Laliberte.—Mr. McCleave.

Bill No. SD-100, for the relief of Barbara May Ramsey Bryant.—Mr. McCleave.

Bill No. SD-101, for the relief of Joyce Sherman Fogel.—Mr. McCleave.

Bill No. SD-102, for the relief of Wilfred David Oliver.—Mr. McCleave.

Bill No. SD-103, for the relief of Joseph Urban.—Mr. McCleave.

Bill No. SD-104, for the relief of Olive Margaret Lester James.——Mr. McCleave.

Bill No. SD-105, for the relief of Florence Mildred Matthews Dawe.—Mr. McCleave.

Bill No. SD-106, the relief of Marie Berthe Helene Guerard Maher.—Mr. McCleave.

Bill No. SD-107, for the relief of Marie Juliette Pauline Josette Beaudoin Said.—Mr. McCleave.

Bill No. SD-108, for the relief of Judith Margaret Bianchi Sartori.—Mr. McCleave.

Bill No. SD-109, for the relief of Clarabel Ellement Vaillancourt.—Mr. McCleave.

Bill No. SD-110, for the relief of Alice Elizabeth Edden Aumais.—Mr. McCleave.

Bill No. SD-111, for the relief of William Gordon Heughan.—Mr. McCleave.

Bill No. SD-112, for the relief of Roland Doutre.—Mr. McCleave.

Bill No. SD-113, for the relief of Gerald Edward Burnham.—Mr. McCleave.

Bill No. SD-114, for the relief of Ottilie Wilhelmine Auguste Stegelitz Carpentieri. —Mr. McCleave.

Bill No. SD-115, for the relief of Francine Josephine Ghislaine Boisdenghien Lebrun. —Mr. McCleave.

Bill No. S-D116, for the relief of Doris Cahill Chabot.—Mr. McCleave.

Bill No. SD-117, for the relief of Ruth Marsha Yanover Caunter.—Mr. McCleave.

Bill No. SD-118, for the relief of Joseph Wilfrid Rene Fortier.—Mr. McCleave.

Bill No. SD-119, for the relief of Ingeborg Alves-Probst Wright.—Mr. McCleave.

Bill No. SD-120, for the relief of Paulette Priscilla Benning Buchanan.—Mr. McCleave.

Bill No. SD-121, for the relief of Irene Georgina Descyca White.—Mr. McCleave.

Bill No. SD-122, for the relief of Eszter Jeszenszky Tahy.—Mr. McCleave.

Bill No. SD-123, for the relief of Alice Latou Tubbs Wood Green.—Mr. McCleave.

BURRARD INLET TUNNEL AND BRIDGE COMPANY

The house resumed, from Friday, July 4, consideration of the motion of Mr. Taylor for the second reading of Bill No. S-4, respecting the Burrard Inlet Tunnel and Bridge Company, and the amendment thereto of Mr. Regier.

Mr. J. F. Browne (Vancouver-Kingsway): Mr. Speaker, hon. members will recall that I had just taken the floor in the debate on this bill on Friday, July 4, before six o'clock. I hope that I will be able to clear up in a few moments some of the misconceptions that were apparently held by some hon. members at that time.

To refresh our memories I might state briefly that the bill deals with a toll bridge which runs between the cities of Vancouver and North Vancouver and the purpose of the bill is to make provision for the payment of remuneration to the directors of the Burrard Inlet Tunnel and Bridge Company and reimbursing them for their expenses in the performance of their services as directors. The shares of the company are held by the municipalities concerned and the city of Vancouver. Since that time I have taken a look at other bridge companies. There are about 250 tunnel and bridge companies in Canada incorporated under dominion charter since confederation and I cannot find one other instance in all of those bridge companies where no provision is made for the directors to be paid. That in itself is a pretty good indication that this is a reasonable and straightforward request.

The second point I wish to deal with is that some of the members brought up the interest of the taxpayers, in as much as this bridge and its shares are held by the municipalities concerned. I think that is one of the very good reasons why we should pass this bill, because we are not deciding here that these directors are going to be paid. The municipalities as shareholders will actually have the right to authorize payment. We are not saying that they are going to receive so much pay. They are setting a very low limit as to what they can be paid and that is contained in the bill. The maximum is $500 a year for a director and a slightly higher amount for the chairman of the board. Also, some other hon. members felt that this board should be compared with some of the other boards of city councils. For instance, the hon. member for Vancouver East (Mr. Winch) had this to say as reported at page 1946 of *Hansard*:

> Being elected members they are in the same position as others with similar responsibilities.

He was referring to the fact that all of the members of the board of directors are also members of the city and municipal councils which are involved. He continued:

> If you are a member of a city council, a municipal council or a rural municipal council your work is designated by the council. You may be called upon to serve on a library board, a sewer board and undertake all the various responsibilities that go with election to office. Quite bluntly, I cannot see why there should be any differentiation between the responsibilities of a member of a council serving on a library board or sewer board and those of a director of a bridge company engaged in rendering a service.

Since that time I have received from one of the aldermen of the city of Vancouver certain information in this respect in which he states that he has sat on the greater

Vancouver water board and also on the greater Vancouver sewerage board and for that service he has received $15 a meeting, and those meetings often take place more than once a month, which would mean perhaps that he would be receiving $30 a month or some $360 a year in remuneration on that basis. He also states that he has put in considerably more time on the bridge board than he has ever put in on the other boards involved. Therefore, it becomes apparent that even if the maximum rate were put into effect the men would not be overpaid.

I hope that this will clear up some of the misconceptions, because members of those other boards are paid and also, as I have pointed out, all of the other bridge authorities from one end of Canada to the other pay their directors. I did not look over the entire 250 but I did look through 50 or 60 of them and in many instances it was stated in the charter that provision was made for the municipalities to take them over. There was the understanding that some of them might be municipally owned but still there was provision for the directors to be paid. In the light of the new facts that we have to go on, it will be seen that there is no need for the amendment that is before us and this bill could be properly passed.

Mr. E. J. Broome (Vancouver South): Mr. Speaker, I do not intend to take up the time of the house for more than two or three minutes. The hon. member for Burnaby-Coquitlam (Mr. Regier) moved his amendment in good faith in order to protect the taxpayers of the municipalities. Since this bill was first discussed—I do wish that when it was brought up more information had been available to hon. members—I have received more information and other Vancouver members have also received information which should make it quite clear that this is not asking for anything to which we should not agree.

As the hon. member for Vancouver-Kingsway (Mr. Browne) has said, other municipal boards, the Vancouver sewerage board and the water board, pay the members of the board on an honorarium basis. School boards on which I have served are quite free to pay themselves if they so wish. The criterion in this bill is that the municipalities themselves own all the shares in the bridge and they would have to authorize payment. All that we are being asked to do is to make it possible for the municipalities if they so wish to do so. They are free to pay the directors within the limit stipulated within the bill. I think, Mr. Speaker, that the amendment should be withdrawn but if the hon. member is not willing to withdraw it we should defeat it, pass the bill and leave to the municipalities concerned the right to run their own affairs instead of our trying to tell them what they can or cannot do.

Mr. Frank Howard (Skeena): Mr. Speaker, I have just one comment or two. The last two hon. members who have participated in this debate, especially the hon. member for Vancouver South (Mr. Broome), indicated that some additional information had been received which would warrant the withdrawal of the amendment to refer it to a committee first. But with no indication as to what this additional information is, where it emanated from, what effect it would have on clearing up our lack of understanding and that expressed by members of the Conservative party when the bill was being debated on another day; with no clear indication from the councils of the municipalities owning practically all the shares in the bridge and tunnel company, we cannot properly be expected to agree to withdraw the motion for referral to a committee first. If the bill is put before a committee in the manner we have suggested there will then be ample opportunity to determine the actual position of the municipal councils which to date, so far as I am aware and from the information given to the house, has not been indicated in any shape or form.

Without such an indication I do not see how hon. members can properly expect that we could consider not pressing our amendment and insisting that the bill not now receive second reading until such time as this lack of information is cleared up and we definitely know what the position of the municipal councils is and not just that of one or two selected individuals.

The house divided on the amendment (Mr. Regier) which was negatived on the following division:

YEAS

Messrs:

Argue	Martin (Timmins)
Fisher	Peters
Herridge	Regier
Howard	Winch—8.

NAYS

Messrs:

Aiken	Browne (St. John's West)
Anderson	Browne (Vancouver-Kingsway)
Badanai	Brunsden
Baldwin	Campeau
Baskin	Cardiff
Batten	Cardin
Bell (Carleton)	Caron
Bell (Saint John-Albert)	Carter
Belzile	Chevrier
Bigg	Chown
Boulanger	Churchill
Bourget	Clancy
Bourque	Coates
Brooks	Comtois
Broome	

Courtemanche	Maloney
Danforth	Mandziuk
Deschambault	Martel
Deschatelets	Martineau
Diefenbaker	Milligan
Dinsdale	Mitchell
Dorion	Monteith (Perth)
Dumas	Monteith (Verdun)
English	Montgomery
Fairclough, Mrs.	More
Fleming (Eglinton)	Morton
Forbes	Muir (Lisgar)
Frechette	Murphy
Garland	Nielsen
Grafftey	Nowlan
Grills	Nugent
Gundlock	O'Hurley
Habel	O'Leary
Halpenny	Pascoe
Hamilton (Notre Dame de Grace)	Paul
	Pearkes
Hamilton (Qu'Appelle)	Pearson
Hardie	Pickersgill
Harkness	Pigeon
Hees	Pratt
Henderson	Rapp
Hicks	Regnier
Horner (Jasper-Edson)	Ricard
Horner (The Battlefords)	Richard (Kamouraska)
Johnson	Robichaud
Jones	Rogers
Jorgenson	Rouleau
Kennedy	Rynard
Kindt	Skoreyko
Korchinski	Small
Lafreniere	Smallwood
Lahaye	Smith (Calgary South)
Lambert	Smith (Lincoln)
Leduc	Southam
Legere	Speakman
Macdonald (Kings)	Stanton
Macdonnell	Starr
MacLean (Queens)	Stearns
MacLellan	Stefanson
Macquarrie	Stewart
McCleave	Tucker
McFarlane	Valade
McGrath	Villeneuve
McIlraith	Webster
McIntosh	Weichel
McPhillips	Woolliams
McWilliam	Wratten
	Yacula—133.

Motion agreed to, bill read the second time and referred to the standing committee on railways, canals and telegraph lines.

CATHOLIC EPISCOPAL CORPORATION OF TIMISKAMING

Mr. O. F. Villeneuve (Glengarry-Prescott) moved the second reading of Bill No. S-5, respecting the Catholic Episcopal Corporation of Timiskaming.

He said: The purpose of this bill is to change the name of the Catholic Episcopal Corporation of Timiskaming to the Roman Catholic Episcopal Corporation of the Diocese of Timmins, to modernize its charter, which has not been revised since 1910, and to bring its objects, purposes and powers in line with its present requirements. The revised and added clauses are similar to those now usually included in private acts incorporating religious bodies.

In 1910, the diocese was known for ecclesiastical purposes as the Vicariate Apostolic of Timiskaming: it is now known for such purposes as the Diocese of Timmins. Clause 1 of the present bill gives statutory recognition to the new designation.

Motion agreed to, bill read the second time and referred to the standing committee on miscellaneous private bills.

CANADIAN PACIFIC RAILWAY COMPANY

Mr. M. D. Morton (Davenport) moved the second reading of Bill No. S-7, respecting Canadian Pacific Railway Company and certain wholly owned subsidiaries.

He said: Mr. Speaker, if I may, I should like to outline just briefly the purpose of this bill. The Canadian Pacific railway over a period of years have assumed control over a number of subsidiaries which have been embodied in the C.P.R. system. In order to simplify the corporate organization of the C.P.R., they wish to dissolve these companies as subsidiaries and to take over the assets and the liabilities of the companies as outlined in the bill. This is the third project. They have already done this with respect to two other groups, in 1956 when 13 were dissolved and in 1957 when 14 were dissolved. I may make it quite clear that they are still maintaining the same services, they are employing their own men on these railways and there will be no change in the employment of the people concerned. It is a matter of reorganization for administrative purposes. I also want to state to the house that when this bill is referred to the committee the officials of the company will be present to answer any questions that any hon. members might have in respect of these companies. Of the nine companies mentioned here, seven are dominion companies and will be dissolved by this act. The other companies are provincial companies and would have to be dealt with by the provincial jurisdiction. This act deals with the assets and liabilities of these companies in so far as the dominion jurisdiction extends to them.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, while we in this group fully appreciate the explanation given by the hon. member with respect to the purpose of this bill which, according to the explanatory note, is to simplify the corporate organization of the Canadian Pacific Railway Company, on behalf of this group I want to say a word or two.

These bills coming before the house to cancel the charters of various subsidiaries and to bring them within the terms of the

parent company indicate the number of charters that were granted years ago to these railway companies throughout Canada. Only two sessions ago, I think it was, we had a number of bills with the same purpose with respect to a number of railways in British Columbia. I occasionally look up the grants these various railway companies have received in the way of land, money and things of that sort. Anyone who reads the history of railway development in Canada realizes that the Canadian Pacific railway and all the subsidiaries that are now being incorporated or brought within the fold of the company did very well in the early days with respect to grants of land or cash from the federal government or, in some cases, from the provincial government.

I think these bills to simplify the corporate organization of the C.P.R. clearly indicate a certain trend in this country. We are not going to oppose this bill because we realize that under these circumstances this is the common sense thing to do. However, we are taking this opportunity to bring a few things to the attention of the house. I think it was two sessions ago that we had another bill that provided for the abandonment of a certain portion of the C.P.R. between Kaslo and New Denver and at that time as a sort of carrot held out to local people was the fact that the government of British Columbia was going to take over the right of way and use it as a standard highway and so on. To date there has been no action in that respect. Consequently that portion of the district has been completely without rail services or highway services satisfactory for the hauling out of mining commodities since that time.

Not only these bills to simplify the corporate organization of the C.P.R. but those to abandon certain sections of the railway in certain parts of Canada and also to reduce services as has been done on the Kettle Valley railway in recent months—a situation which we tried to correct by introducing in this house a bill which was unfortunately defeated—we presume are efforts to lower costs because of changing circumstances in Canada. As far as we are concerned, they all indicate a fluid and uncertain situation in Canada with respect to railway transportation.

From the point of view of this group, we think that all these measures to simplify the corporate organization of the C.P.R., to abandon certain sections of the line entirely and to reduce service on other sections of the line indicate the necessity for a national transportation policy which we in this group have urged for many years. We consider that railways are a very important utility—possibly the most important one—linking all regions in Canada, and certainly very necessary for the transportation of goods produced in this country from one point to another. It is for that reason that the C.C.F. believe in the necessity for an over-all national transportation policy as a result of action by the government of Canada which will integrate our rail, water, air and road transportation to the end that we may have some logical development of our transportation services so that we are able to provide the people of Canada with adequate and necessary transportation services at the lowest cost possible having regard to the national needs of Canada, and the people of Canada first. Second, we in the C.C.F. believe that a national transportation policy would be to the advantage of the employees of the railway companies of this country and to the employees of the other transportation agencies.

In that connection, before resuming my seat, I also wish to illustrate the need for some sort of over-all transportation policy and control so far as developments, extensions, roads and pensions are concerned. We all know that the pensioners of the C.P.R. who retired prior to January 1, 1953, have been asking for amendment of their pensions. These long service railroaders are being denied justice at the present time because they are pensioned at a very much lower rate than are those who were pensioned after January 1, 1953. I am sure all members of this house have from time to time received briefs from railroad organizations and from the men concerned—

Mr. Speaker: I understand that the hon. member intends to be very brief, but he is wandering rather far afield from the purpose of this bill.

Mr. Herridge: I am just winding up, Mr. Speaker. In one sentence I want to say that something should be done to remedy this situation because the Canadian Pacific Railway Company in the United States has granted a 49 per cent increase to the same category of worker while here in Canada our men are still denied this very much warranted increase in their pensions.

Coming back to the purpose of the bill, in accordance with your wishes, Mr. Speaker, I do want to emphasize this need for a transportation policy, and also to say that I took this opportunity to make these few remarks because we have so little opportunity to express our credo on transportation matters.

(Translation):

Hon. Lionel Chevrier (Laurier): Mr. Speaker, I only have a word or so to say with regard to the bill just introduced by the hon. member for Davenport (Mr. Morton).

This bill is a very important one to us because, if I remember rightly, something

along this line has already been done with regard to the operations of the Canadian National Railways.

I listened with a great deal of attention to the explanations given by the hon. member, and I will tell him at once that we, in the opposition, have no objection at all to that bill especially as regards the principle involved. I hope it will be referred to a committee, probably the committee on railways, canals and telegraph lines.

In principle, Mr. Speaker, we support any step which is not designed to centralize government in Ottawa, but to centralize railway operation of a series of companies, such as Canadian Pacific Railways subsidiaries mentioned here. This will not only make the administration of that corporation easier, but also simplify its organization.

I said a moment ago that when I was with the Department of Transport a few years ago, the Canadian National Railways felt it wise to take this same course. I believe that in that instance the Canadian National Railways had placed a series of corporations—there were several—under the control of a single company. I believe that all these operations had to do with the Canadian National Railways hotels and that the purpose of incorporation was to simplify the management of the hotels of the Canadian National Railways.

Along with my colleagues on this side of the house, I feel that, from an administrative point of view, this bill is an excellent thing for the Canadian Pacific Railways. Not only will its implementation make organization and administration of that company easier, but it will be extremely useful in the matter of accounting, which is very important.

That is why we support that motion and hope that it will be referred for further study to the committee of railways, canals and telegraph lines.

(Text):

Mr. M. D. Morton (Davenport): May I make one observation with respect to the comments of the hon. member for Kootenay West (Mr. Herridge). He seemed to imply—

Mr. Speaker: I must inform the house that if the hon. member speaks at this time he will close the debate.

Mr. Morton: The hon. member seemed to imply that the services of the companies mentioned were being abandoned. I think that would be an unfair implication to be drawn because that is not the intention of the company.

Mr. Herridge: I quite understand the hon. member's explanation but I was taking the opportunity to refer to some other services which had been abandoned which had cut us to the quick.

Mr. Chevrier: Would the hon. member not comment on my remarks also?

Motion agreed to, bill read the second time and referred to the standing committee on railways, canals and telegraph lines.

SECOND READINGS—SENATE BILLS

Bill No. SD-124, for the relief of Annie Allish Watson.—Mr. McCleave.

Bill No. SD-125, for the relief of John Spence Brown.—Mr. McCleave.

Bill No. SD-126, for the relief of Verne Alfred Freeman.—Mr. McCleave.

Bill No. SD-127, for the relief of Davina Betsy Snow Campbell.—Mr. McCleave.

Bill No. SD-128, for the relief of Jack Spinner.—Mr. McCleave.

Bill No. SD-129, for the relief of Kaljo Klasman.—Mr. McCleave.

Bill No. SD-130, for the relief of Claude Hector Proulx.—Mr. McCleave.

Bill No. SD-131, for the relief of Mary Florence McLelland Pringle.—Mr. McCleave.

Bill No. SD-132, for the relief of Robert Maurice Sherwood.—Mr. McCleave.

Bill No. SD-133, for the relief of Margaret Jeanette Young Warmington.—Mr. McCleave.

Bill No. SD-134, for the relief of Mary Isabella Cross Davidson.—Mr. McCleave.

Bill No. SD-135, for the relief of Rita Firestone Flax.—Mr. McCleave.

Bill No. SD-136, for the relief of Dorothy June Pearce Tribble.—Mr. McCleave.

Bill No. SD-137, for the relief of Anne Rottermund David.—Mr. McCleave.

Bill No. SD-138, for the relief of Gordon Edwin Limbrick.—Mr. McCleave.

Bill No. SD-139, for the relief of Helen Paperno Bogatin.—Mr. McCleave.

Bill No. SD-140, for the relief of Joseph Victor Cyril Goyer.—Mr. McCleave.

Bill No. SD-141, for the relief of Henry Joseph Haggett.—Mr. McCleave.

Bill No. SD-142, for the relief of Ethel Roe Emond.—Mr. McCleave.

Bill No. SD-143, for the relief of Frederick Wilson Abbott.—Mr. McCleave.

Bill No. SD-144, for the relief of Gilda Rosen Silverman.—Mr. McCleave.

Bill No. SD-145, for the relief of John Luczko.—Mr. McCleave.

Bill No. SD-146, for the relief of Anita Fischer Staub.—Mr. McCleave.

Bill No. SD-147, for the relief of Margaret Irene Dawe Mays.—Mr. McCleave.

Bill No. SD-148, for the relief of Janine Lafontaine Frost.—Mr. McCleave.

Private Bills

Bill No. SD-149, for the relief of Lydia Feodorovna Ovchinnikova Lipsman.—Mr. McCleave.

Bill No. SD-150, for the relief of Donald Malcolm Gangin.—Mr. McCleave.

Bill No. SD-151, for the relief of Marie Louise Plourde Auld Emard.—Mr. McCleave.

Bill No. SD-152, for the relief of Ralph Murrin.—Mr. McCleave.

Bill No. SD-153, for the relief of Bruno Giovanni Albertini.—Mr. McCleave.

TRANS MOUNTAIN OIL PIPE LINE COMPANY

The house resumed, from Friday, July 11, consideration of the motion of Mr. Broome for the second reading of Bill No. S-6, respecting Trans Mountain Oil Pipe Line Company.

Mr. Frank Howard (Skeena): Mr. Speaker, it appears that the fates are not operating very kindly for me, for upon reflection it seems to me that last week when I made a few comments on this matter it was at about this time and I did not get the opportunity to conclude my remarks. I hope I will be able to do so today.

Last week at about six o'clock the hon. member for Vancouver South (Mr. Broome), the sponsor of this bill, directed a question to me which I was unable to grasp at the time. Upon looking at *Hansard* for July 11 and reading the question, I hope I am now in a position to answer. The question asked as recorded at page 2183 of *Hansard* for that date was as follows:

> Will the hon. member permit a question? Is he not aware that not one cent was made in promotion fees in the promotion of the Trans Mountain Oil Pipe Line Company?

Then, I expect in explanation he continued:

> In reading the prospectus I tried to point out that every cent raised went into the treasury of the company and was used for the development of the company.

I suppose the hon. member's question arose out of my remarks just preceding his question, which were with reference to the fact that the oil and gas pipe line industry in general was a most lucrative one, with which I am sure he will not disagree. At that time I had no specific reference to the Trans Mountain Oil Pipe Line Company. It was a general reference to the industry and the profitable state in which that industry had been for many years, both here in Canada and particularly in the United States.

Following those remarks as to the lucrative state of the industry both with respect to oil and gas pipe lines and the public services which such pipe lines provide, I was leading up to the opinions expressed by other members of the C.C.F., both verbally and in formal form by motion in the year 1951 when the company was originally incorporated. For the benefit of hon. members who have not read the history of this company, we offered the suggestion that this particular pipe line company, inasmuch as it did provide a public service, should be operated under public ownership, the same solution as we suggested should be applied to Trans-Canada Pipe Lines in the years later than 1951. At that time, in 1951, with respect to this company, and in later years with respect to the Trans-Canada Pipe Lines Company, we in the C.C.F. could foresee the present state of events, and while there have been tremendous earnings and tremendous profits in this particular company there has probably not been the type of stock market manipulation which has taken place with respect to the gas pipe lines industry where, probably, the reasons for public ownership are even more pronounced than they are here. That was the trend of my remarks which occasioned the hon. member for Vancouver South to ask his question, and I am sure that if he will read in *Hansard* what I said he will realize that there was no need to have directed that question to me, and that the matter does not require any more extended answer than I gave in my explanatory remarks.

An idea of the resources and the profit making capacity of this company has already been placed on the record, together with the number of shares placed on the market. At one time I understand they cost in the neighbourhood of $140 a share compared with $10 when they were originally put on the market and at the time these shares were being sold on the market for $140 this company approached parliament with the selfsame bill asking for the same thing that they are asking now, that is, in effect a stock split of five to one by an increase in the number of shares which they might issue. Apparently the reasons advanced last year in favour of this proposal do not differ too greatly from those which the officials of the company are putting forward at this time, namely that the price of the shares on the market when they were at $140 a share was too high and that if additional shares were put on the market for sale the company would have a difficult time selling them to the general public because few people would care to pay $140 for a share in Trans Mountain Oil Pipe Line Company when there was every possibility that the price of the shares might decline and that they could be bought later on at a lower price. By splitting five to one, or by increasing the number of shares that the company may issue, the $140 divided by five would equal $28—this was one year ago—and the shares then, if this bill had

been proceeded with a year ago, would have been reduced to $28 a share on the market.

We find, now, that if that same reasoning of the Trans Mountain Oil Pipe Line Company were to be applied to the request for a change in their capital structure this year, they should properly not have asked for a five to one split but only for a two to one split. I do not know what the actual price of these shares is today, but it is somewhere in the neighbourhood of $50 to $60. If the reasoning was that the company wanted these shares to get down to, say, $28 when they were selling at $140, then, surely, when they are selling at between $50 and $60, to get them down on the market to a share price in the area of $28 we can reasonably assume that they should have asked for a two to one stock split.

I wonder why the company still requires a five to one division now. If their reasoning was valid a year ago they should either have asked for a greater increase in the stock split ratio before or for a lesser increase now in order to keep their thoughts now in tune with what they were a year ago. Now when the officials of this company undertook to meet with those of us in the C.C.F. party who had expressed some interest in this particular bill, they answered a number of questions and made a number of general comments, and if my memory serves me right the figure I jotted down indicated that they had put on the market on their original capitalization—and if I am incorrect I am sure I will be corrected—1,500,000 shares, or something in that neighbourhood, as of 1956, and as of today that same amount is out and the company has not issued any more shares from its treasury.

We asked the officials at that time whether, if they had put more shares on the market out of the original five million shares which the company issued that would not have had some effect on holding down the number of the shares.

An hon. Member: Six o'clock.

SUPPLY

The house again in committee of supply, Mr. Sevigny in the chair.

DEPARTMENT OF TRADE AND COMMERCE

391. Departmental administration $739,086.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

The Chairman: Order. Shall item No. 391 carry?

Mr. Pearson: Mr. Chairman, before this item carries may I say that when we left it at five o'clock we had been subjected by the Prime Minister to some interesting observations concerning the 15 per cent diversion proposal, a matter about which he seems to be exceedingly sensitive. All I want to say about that is, as was said by the hon. member for Ottawa West, that everybody in Canada who read about it in the newspapers, everybody in the United States or in the United Kingdom who read about it in the newspapers, thought there was such a proposal and referred to it as such. It was allowed to be considered as a proposal during the election campaign and it accomplished its purpose presumably at that time and now it is to be forgotten and we are not supposed to mention it. Apparently the election decided that diversion should die. The first obituary notice that I discovered was in a United States magazine, the *U. S. News and World Report*. As a matter of fact, I think I have come across not only the obituary notice of this proposal but its birth notice. It lived from 1953 until 1958, because on July 10, 1953, speaking in Red Deer Hill, Alberta, the Prime Minister is reported by the Prince Albert *Herald* as having said, and I quote from this newspaper account of the statement he made at that time:

> Britain could buy Canadian products if she had the dollars—15 per cent of Canada's present defence needs are being purchased in the United States, but should be bought in the United Kingdom, as well as heavy machinery.

This was in 1953. There is the birth of the 15 per cent proposal, which has now apparently died.

There is one other matter, though, Mr. Chairman, that I want to bring up before we leave this item because I am not clear in my own mind as to what is the situation actually, although the minister did his best this afternoon to explain it. It is in connection with the list of prohibited exports to China. The minister said this afternoon that that list had been made public in January, 1957, and that if any member of the committee wants to find out what goods are on that prohibited list and, therefore, not eligible for export to communist China under present conditions all he has to do is read the list. But it was my impression—and the minister will correct me if I am wrong about this and I think it is a matter of some importance—that at that time there was a list of prohibited goods for China which was more extensive than the list of prohibited goods for Russia and that international discussions began to remove that differential in 1957.

What I should like to ask the minister is, are these discussions still going on? Are we obliged to take no action in regard to the

reduction of that list of prohibited goods until we get agreement with all the members of the commission in Paris. Are any other members of that group—most of them are NATO countries—and particularly is the United Kingdom, observing the same list of prohibited exports to China as we are, or is our list the same as that of the United States but not the same as that of some other countries? What is the exact position in regard to that matter? If the minister is not in a position to give me details of that matter at the present moment perhaps he might be able to do it later when he has his officials before him.

Mr. Churchill: Just a comment, Mr. Chairman; my understanding is that the prohibited China list was much more extensive at one time than the list in so far as other communist countries were concerned, but that within recent months, or within the last year, there was no dissimilarity between the two lists. Then, we moved a step farther and conferences that are now taking place are aimed at reducing the items on the list still farther.

Mr. McIlraith: In view of the rather lengthy discussion about trade with China yesterday and today, I wonder whether the minister would care to give the committee any information that he feels he can about the Chinese group who are in Canada at the present time apparently on a buying or selling mission. In this morning's Montreal *Gazette* I found a story headed up: "Red China winds up city tour." The article refers to their presence in Montreal. There have been other similar types of stories in the papers in the last few days.

Mr. Churchill: I have been informed that two representatives from China have been in Canada for some time and are here for the purposes of trade, representing some, if not all, of the state trading corporations in China, of which there are 16, and that these gentlemen have visited various cities in Canada. I think they were in Ottawa about two weeks ago and are in Montreal at the present time and are engaged in a buying and selling mission. I have heard that they were interested in the subject of wheat and my hope is that perhaps they will find it possible to make arrangements for the purchase of another cargo of Canadian wheat. That is all I know with regard to them. I think there are two of them. Are there more than two mentioned in the article?

Mr. McIlraith: No, just the two.

Mr. Churchill: That is all I know about these two gentlemen who are in Canada at the present time.

[Mr. Pearson.]

Mr. Pearson: Again on China, the minister said last evening that the jurisdiction of the trade commissioner in Hong Kong—if "jurisdiction" is the right word—extends to continental China—that is communist China—as well as to certain other territories, including Taiwan. I should like to ask the minister whether it is contemplated that the trade commissioner in Hong Kong will make, as part of his routine duties, periodic trips to continental China as is normally the case with trade commissioners in respect of territories which they cover and whether the Chinese government in Peking accepts our trade commissioner's trade credentials, not diplomatic but trade credentials, over the territory in question of the communist government of China.

Mr. Churchill: I think that as a result of his visit there last fall and arising from the contacts he made with the heads and representatives of the trading corporations in the four cities he visited Mr. Forsyth-Smith will go back to China, continue his investigations and continue to maintain close relations with those who are so actively engaged in trade. I do not know what his plans are at the moment but it would appear to me to be quite worth while that he should do so. In his messages back home he has repeatedly urged that Canadian businessmen visit Hong Kong and China and get acquainted with the representatives of these trading corporations. They have offices in Hong Kong in addition to their headquarters in Peking, Canton, Shanghai and so on. He feels that by making personal contacts our Canadian businessmen might be able to enlarge our business in China and that this would be best done in that manner. I suppose the point of contact for our Canadian businessmen would first be in Hong Kong with Mr. Forsyth-Smith who could then advise them as to what course of action to follow after that.

Mr. Cardin: Mr. Chairman, may I first of all thank the minister for answering, in the course of his remarks this afternoon, a question which has been bothering me for quite some time relative to the importation into Canada of tractors from the United States which are originally made in Great Britain. Has the minister given any consideration to the suggestion I made that the government, through the high commissioner in London, might conceivably encourage the Massey-Harris-Ferguson Company in Great Britain to have the tractors that are used in the Canadian market assembled in Canada rather than Canada purchasing such tractors from the United States?

The amount of money spent on the tractors imported from the United States is considerable, something like $150 million, and the financial situation would not be changed in any way. Great Britain would get the same amount of return and I believe it would create employment in Canada if these tractors were assembled in this country rather than in the United States. I wonder whether the minister might, through the high commissioner in London encourage Massey-Harris-Ferguson to make use of its subsidiaries in Canada for the assembling of these tractors in this country.

Mr. Churchill: I should like to thank the hon. gentleman for what appears to be a very useful suggestion and I will see that the matter is taken up with the appropriate officials in London.

Mr. Cardin: Thank you.

Mr. Pickersgill: Mr. Chairman, I should like to ask the minister if he recalls the approximate date—I do not mean the exact date—he first saw one of the documents prepared in his department for official use and for the use of the minister entitled, "The Canadian Economic Outlook for 1957?"

Mr. Churchill: I find it very difficult to recall the date. I was rather busily engaged last fall in certain travels but I think it was perhaps late in the fall that it came to my attention. I could not take my oath on the date at all. Whether it was November, December or January I am not in a position to state.

Mr. Pickersgill: Then the minister did not see this document before preparations were made for the Mont Tremblant conference? One would have thought that this would be the kind of document that the minister would use in preparation for that conference and I wondered whether that might perhaps assist him in recalling.

Mr. Churchill: The difficulty there is that the Mont Tremblant conference took place just at the end of September. In the early part of September I was out west for two or three days making a speech at the annual meeting of the dairy council. That was followed by two or three days inspecting the northern Ontario gas pipe line. On my return to Ottawa I left after a very short interval for a ten-day trip to England and Europe. I recall getting back here on a Friday at noon and leaving by plane for Mont Tremblant at 2.30 with a brief case filled with documents. That document may have been in the brief case but I had very little opportunity to make the type of preparation for the Mont Tremblant conference that it required. Under those circumstances my memory fails me whether or not the document was there or whether I had time to read it if it was there.

Mr. Pickersgill: What prompted my query was not just idle curiosity. Some hon. members who were here in the last parliament will doubtless recall that during the consideration of the estimates of the Department of Citizenship and Immigration, a consideration which was interrupted by a rather dramatic event that some of us will remember for a long time, the Minister of Justice told us, in response to a question of mine, what kind of economic and other information was available to the government and to him at the time the decision was made by the government virtually to stop immigration. As found on page 4068 of *Hansard* for January 30, 1958, the Minister of Justice said:

> Mr. Chairman, the hon. member has asked me to acquaint the committee in general terms with the considerations that were placed before me at the end of June on the basis of which we issued the order to implement the winter immigration program for the winter months of 1957-58. In answer I can tell him that in the department with which we are now dealing I was acquainted early by the officials with the economic forecasts that had come to their attention—

I know of my personal knowledge that this was one of those documents.

> —and which placed upon economic conditions and the prospects for the future a very different interpretation from that which we had been given by the previous government in the budget in March and in the election campaign during May and June.

At that point, Mr. Marler very properly interposed the word "nonsense". Mr. Fulton went on:

> There should be no hesitation about admitting that. I suspect that the forecasts that were laid before me then and which have been laid before me since bear out the economic forecast tabled in the House of Commons by the Prime Minister the other day.

That was the document to which I had reference a moment ago. Now, sir, I have always assumed, and I think in fact I could demonstrate that we were told in the last parliament, that that decision to restrict immigration was not a decision made on his own by the acting minister of citizenship and immigration as he then was but that the decision was made by the cabinet in the light of all the information then available to all the ministers who would have participated in that decision.

The Minister of Justice admitted, in the most categorical language, that this information was available to him at the end of June, 1957. It does seem rather strange to me, if that information was available to him and discussions based on that information were

carried on in the cabinet—I am not attempting to penetrate the secrets of the cabinet at all—it would have been very logical, and perhaps very obvious, for the Minister of Trade and Commerce to have received that documentation in his department. A decision of this importance, particularly a decision made by a government which had campaigned throughout the country on the basis of doubling the modest immigration program we had up to that time, I can only assume was a very serious and grave decision, and that all the possible information that might be brought to bear upon it was brought to bear upon it.

I do feel, therefore, it would be of some interest to know at what date the minister considered that document, and at what date he had begun the planning of the administration of his department in relation to the information contained in that document which we were told, on an occasion last January, was a document of transcendent importance and which revealed all that was going to happen in the economy of Canada for the rest of the year. It does, I think, cast a rather curious reflection upon the minister's administration of his department in the first five or six months he was minister that he is unable to recollect when he first saw this document which contained this startling information that the Prime Minister revealed to us in such dramatic fashion in January.

Another reason, of course, for my curiosity about this matter is that we were assured—perhaps it would hardly be in order for me to go this far afield—by the Prime Minister at the time of the federal-provincial conference in November, and we were assured by the Minister of Labour as late as December 10, 1957 in most categorical fashion, that all was rosy with the Canadian economy. There does seem to be a good deal of evidence, to which the minister has contributed a little more this evening, that the government, apart from the Minister of Justice who admitted quite frankly he had the information, seems to have been extraordinarily unaware of the situation which burst upon them with such dramatic suddenness in January. I do not know whether, in the light of what I have recalled to the minister's mind, I have assisted him at all in his recollections.

Mr. Pearson: Following up this matter a little bit, Mr. Chairman, the minister will remember, as we remember, how bitterly we on this side were attacked last January by the Prime Minister because we kept secret the contents of this report in 1957, to which my hon. friend has referred. We hid it, and that was a dastardly crime to parliament and to the public. It became the hidden report. We refused to make it public at that time, and that was our sin and our crime.

Mr. Pickersgill: The Minister of Justice compounded the felony.

Mr. Pearson: I am very anxious to free the minister from the possibility of any such accusation in respect of the report for 1958, the report which has now been completed and is in the possession of the government, and on the conclusions of which no doubt the Minister of Finance based, in part at least, his economic and financial calculations for his budget. So that the minister may not be subject to this accusation of hiding a report from parliament, I wonder whether he would take advantage of this opportunity to give us some information about the conclusions of the report which is now in the possession of the government and which deals with the present fiscal year?

Mr. Churchill: I am very grateful, Mr. Chairman, for the solicitude shown by the Leader of the Opposition for my integrity, and the care he takes about my future in regard to this report. My recollection is, however, that the Prime Minister, in response to a question asked in the house several weeks ago, gave the appropriate answer concerning this report and other reports of a confidential nature which circulate within the departments of government.

Mr. Pearson: Yes, the Prime Minister said it would not be proper to table this report or make it public until January, 1959. But, the Prime Minister attacked us very bitterly and vehemently because we did not make public the report for 1957 in the spring and summer of 1957. If we were wrong in concealing that report at that time, is the government not wrong in concealing at this time this report for the next year?

Mr. Churchill: I thought that the accusation levelled at the former administration was that, having the knowledge contained in that celebrated report, they failed to act upon it and misled the people.

Mr. Pearson: Oh, no, Mr. Chairman, if my hon. friend will read the record of that debate he will find that the charge was that we kept that report hidden. We heard about it not only in the House of Commons but all over the country during the election campaign. It was a crime against the public interest to have kept that report hidden; that is how it got the name "hidden report". So what about the report for this year?

Mr. Baskin: You told the Canadian people the opposite.

Mr. Pearson: What about the report for this year? Is it in a different category?

Mr. Habel: Are you not misleading the people of Canada now?

Mr. Churchill: The economic survey for 1958 will be studied very carefully, and has been studied very carefully, and the government, in its judgment, will act in accordance with that report, as we thought the former government should have done.

Mr. Pickersgill: On that point, I convict the minister out of the mouth of the Minister of Justice. The Minister of Justice admitted quite unequivocally in the passage I read from *Hansard,* that one of the senior members of the government—I do not believe the Minister of Trade and Commerce would deny his influence as a member of the government—not only had but acted upon that information in July. In other words, if there was anything wrong about our attitude to that report before June, surely it was much more wrong for the government and for the Minister of Justice to have kept it hidden after it was discovered in late June, and for the Minister of Justice to have failed to tell the Minister of Trade and Commerce what was in it or to tell the Minister of Labour what was in it, instead of letting him go on giving these rosy pictures of the economy which were given by the Prime Minister to the premiers of the provinces when they were here in November, and which were given in public utterances by the Minister of Labour, the member of the government having the special responsibility for unemployment.

So if there is any kind of charge that when we received this report in March we did not act upon it, a charge which is totally false, incidentally—

Some hon. Members: Oh, oh.

Mr. Pickersgill: Well, anyone who will make an honest and careful comparison of that document with Mr. Harris' budget speech will see that Mr. Harris very faithfully reproduced in his budget speech the conclusions of that document. What the Prime Minister did do, in the most shocking piece of misrepresentation this parliament has ever seen, was to take bits and pieces out of that document to deceive the public for political purposes.

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

Mr. Pickersgill: Certainly.

Mr. McGee: There are two matters that I should like the hon. member to confirm, he having been so close to the administration at the time. Did that report state or did it not that heavy unemployment was anticipated? The second question is this. Did not the election pamphlets of 1957 say "Vote St. Laurent for More Jobs"?

Mr. Pickersgill: I could look the matter up very quickly for the hon. member. It forecast exactly what happened. It stated that it was expected that employment would increase all through 1957 and employment did increase all through 1957.

Mr. Baskin: Because there was a change in government.

Mr. Pickersgill: If hon. gentlemen who are making these unintelligent noises will look at the statistics they will find that all during 1957 employment did increase.

The Chairman: Order. We are possibly straying a little bit away from the present resolution.

Mr. Pickersgill: On the point of order, Mr. Chairman—

The Chairman: Will the hon. gentleman take his seat while the chairman is standing?

Mr. Pickersgill: Yes.

The Chairman: As I was saying, we are straying a bit away, I believe, from the present resolution. At the present time we are discussing a resolution that deals with departmental administration of the Department of Trade and Commerce. We are not really discussing the resolution when we are discussing the record of the Liberal administration of years past.

Mr. Pickersgill: Not at all, Mr. Chairman. What I was discussing was a document issued by the Department of Trade and Commerce and introduced into this parliament by the Prime Minister. I was attempting to find out when the minister, the present incumbent of that office, took cognizance of that document which the Prime Minister himself said was the most important economic document prepared for the previous government and available to them when they came into office. Surely nothing could be more relevant to the discussion of the estimates and the administration of the department by the minister than the question as to whether the minister, after he took office, spent his time travelling around the country, getting off one plane and getting into another, or whether he spent some time familiarizing himself with the duties of his office.

Some hon. Members: Oh, oh.

The Chairman: Order. I believe there are too many speakers in this room tonight. There is no reason to interrupt the hon. member for Bonavista-Twillingate and it would be appreciated if hon. members would listen to what he has to say.

Mr. Pickersgill: If I may continue my reply to the hon. member for York-Scarborough, I was saying that this was a forecast. That is all this document was, a sort of economic weather forecast. The gentleman who prepared this document was well trained. I have no doubt about that. But he did not know what was going to happen all through 1957 any more than did anybody else except the Creator.

Mr. Baskin: Who trained him?

Mr. Pickersgill: Judging from the faith that the Prime Minister had in every word in that document, he evidently had a high opinion of his capacity.

Mr. Baskin: What about Harris?

Mr. Pickersgill: If I may continue, Mr. Chairman, to answer the hon. member for York-Scarborough, may I say that what that document forecast was that employment would continue to rise throughout 1957 but that the rate of increase might be slower than it had been in 1956. That is precisely what happened.

Mr. McGee: That is not how you described it last January.

Mr. Pickersgill: I did not catch that remark.

Mr. McGee: That is not how you described it last January.

Mr. Pickersgill: How I described what last January?

Mr. McGee: The unemployment situation.

Mr. Pickersgill: The unemployment situation last January was, as the Prime Minister himself admitted, becoming very serious.

Some hon. Members: Oh, oh.

Mr. Pickersgill: The hon. member for York-Scarborough apparently was not listening as attentively as he usually does because I was talking about employment. I was not talking about unemployment. There is no doubt that unemployment did increase much more rapidly than there was any ground for expecting it to increase on the basis of that so-called hidden report. There are some of us who feel that part of the reason why it increased more rapidly than was expected was because of a certain event that happened last June.

Mr. Pearson: Leaving that report and returning to the current report which is certainly in order because it deals with the work of the department this year, I wonder whether the minister would give us some indication of the conclusions of this economic report from his department and more particularly tell us whether it agrees with the Minister of Finance's budgetary statement that our gross national product will increase by 2 per cent while our price level will remain constant during the year, and, in general, the economic trends that it forecasts. I am sure that information would be very interesting to the house and perhaps very important.

Mr. Churchill: If the Leader of the Opposition has reached the conclusion that the Minister of Finance based some of his budget remarks on the report to which reference has been made, I think the question now put should be put before the Minister of Finance. I do not think I am called upon to explain the connection, if any, between one report and another. I would hope that the ancient report of 1957, allegedly twice lost or hidden, might now be buried, that the 1958 report might be safely left where it is, and that perhaps we could get on with questions dealing with trade and commerce.

Mr. Argue: Mr. Chairman, I want to get back to the Soviet trade offensive for a moment or two, if I can, and get away from the hidden sins of both the Liberal party and the Conservative party. I do not see any difference between hiding a report in 1957 and hiding it in 1958. Sometime ago we learned of a letter that was sent by the Soviet premier, Nikita Khrushchev, to the President of the United States proposing a tremendous increase in trade between the United States and Russia. According to Premier Krushchev's letter he envisaged trade of several billion dollars. I should like to know whether there has been any consultation or exchange of notes between the government of Canada and the Soviet union as to increasing trade between our two countries. What study is the government making on improving or increasing the amount of trade between Canada and Russia? Has a similar proposal been made to Canada? I think we will all agree—and certainly the Americans agreed, although they turned it down—that it was a very important and far-reaching proposal and that it was another indication of the all-out Soviet trade offensive. I might say, Mr. Chairman, that we in this group believe that the government should do everything possible to increase trade with all nations of the world in non-strategic goods. I would hope that the minister would be able to give the committee a fairly comprehensive report on just what Canada is doing to increase trade with this very large and important nation?

Mr. Churchill: There has been no exchange of notes of a nature similar to the one to which my hon. friend refers, so far as I know, between Canada and Russia. We are actively interested in expanding our trade everywhere in the world, as I have stated on so many

occasions. We have had conversations with the Russian representatives here in Ottawa with regard to expanding trade between our two countries. We have had from time to time reports from businessmen who have visited Russia with regard to the possibility of enlarging Canada's trade with that country.

I think we have been quite active so far as Russia is concerned and we are quite prepared to trade with that country. We have in fact had a fairly satisfactory deal with Russia in respect to wheat during the last two or three years.

Mr. Argue: I wonder if the minister could say whether any substantial official trade delegation to the Soviet union has been considered. There was some discussion some time ago as to whether the minister himself might make a trip to China this fall, and I believe the Prime Minister was rather noncommital in this respect. I wonder if the government has given this matter any consideration, and I would hope it has, with respect to the sending of a trade delegation to Asia, particularly to China and the Soviet union. I would think if Canada received an offer in somewhat similar terms to that made by Premier Khrushchev to the United States it would be advisable for Canada to consider such an offer as a serious one and to negotiate with the Soviet union on the basis of such an offer because at the present time with the widespread unemployment in this country, any very large increase in Canada's exports would help to restore full employment. I hope the government, and the minister in particular, are giving consideration to this idea.

Mr. Churchill: The second part of my hon. friend's question was hypothetical. It had something to do with "if a similar note came, would we do something about it".

The first part of his question was whether or not I was contemplating a visit or was arranging for an official trade mission to Russia and the answer to that is no, not at the present time. We have in mind and are considering various visits but have not yet reached a decision as to where such visits should be made. The important thing to consider in undertaking trade missions or visits on the part of the officials and the minister of this department is as to where we can get the greatest advantage, tradewise from those visits. Now it sounds interesting to talk about China or Russia but there are other parts of the world where our trading relations have been closer and where our trade is greater and where trade expansion might be more easily achieved. All these factors will be taken into account before any decision is reached as to where missions from Canada may be sent.

Mr. Argue: I would hope, Mr. Chairman, in the light of the world situation at this time and in view of the great need for expanded markets the minister himself would very seriously consider heading up an official Canadian delegation to China and the Soviet union in order to discuss the possibilities of a vast expansion of trade between Canada and those countries. I would now like to ask the minister to comment on a report in tonight's *Citizen* by Bruce Phillips which in part states as follows:

> U.S. officials in Ottawa will ask their government to lift import quotas against Canadian oil.
>
> Diplomatic sources say U.S. embassy staff here have undergone a change of outlook on the subject of import controls, and will make their views known in Washington.
>
> They have, apparently, accepted the Canadian government's contention that Canada's oil represents a vital source of supply in terms of continental defence, and should therefore be exempt from import barriers.

Could the minister say whether the government is making progress in this regard and does he hold forth hopes of the so-called voluntary restrictions possibly being lifted soon?

Mr. Churchill: It is obvious from the article that the government has been making great progress and I do hold out great hopes.

Mr. Robichaud: In the course of his remarks this afternoon the minister said that our lumber exports have suffered from Soviet competition. I would like the minister to answer this question, and I am sure he can do so without the assistance of his officials because it has nothing to do with statistics. The economy of the Atlantic provinces is closely related to the export of pulpwood and pit props. We all realize that in recent months, especially in the last 12 months, the export of pit props to the European market has dropped considerably and we are told that even Great Britain, with whom we are anxious to increase our trade, is buying its pulpwood and pit props from Russia and from countries under Russian domination.

Mr. Churchill: And from Finland.

Mr. Robichaud: Could the minister tell us what action is being taken by the government with respect to instructing his department to try to bring back to normal the export of pulpwood and pit props from the maritime provinces.

Mr. Churchill: Mr. Chairman, I took a very active interest in the question of pit props which were exported in considerable quantity from the maritime provinces and last fall, when the president of the board of trade from the United Kingdom was in this country with his officials, we discussed this matter. Subsequently when I was in England

later that fall we again discussed it and exchanged correspondence about it. We communicated with the appropriate government officials in the maritime provinces and there was some difference of opinion with regard to price of pit props from the maritimes. The market had in part been lost to Russia or Finland but we did everything in our power to re-open it. I do not know the situation at the present moment.

Mr. Robichaud: What about pulpwood?

Mr. Churchill: Well I have no answer with regard to pulpwood. That was not discussed at the time and here is a case where statistics would be helpful as to exports of that commodity.

Mr. Robichaud: The minister must surely know that in past years we had a considerable market for pulpwood in France and in Great Britain. We have apparently completely lost these markets and the same would apply to long lumber. Considerable quantities of long lumber were exported from the maritime provinces, particularly eastern New Brunswick, to Great Britain and Ireland. I do not have the statistics so I am in the same position as the minister at this time, but I am given to understand that the exports of long lumber to the European market have been practically nil since the first of this year.

Mr. Churchill: I will have to look into the matter and will give an answer to my hon. friend on some other occasion.

Mr. Pearson: I quite agree with the hon. member for Assiniboia. We should do whatever we can, and I am sure the minister agrees with this, to develop our trade in all markets, including our trade in non-strategic goods with communist countries such as China and Russia. It is true that the development of such trade is now being affected by the Soviet economic policy of forcing goods on world markets, perhaps in some cases for other than economic reasons. Experience in Europe during recent months has shown that with respect to commodities such as lumber, pulp, aluminum, oil and rails, they are putting these goods into European markets at a price with which we on this side cannot compete. It is also true that recent experience has shown, on the other hand, that they are asking too high a price for some of their exports to European markets and are not getting those markets, all of which indicates—and of course this is not new to any member of the house—that the impetus behind their trading offensive, if you can call it that, is political rather than economic. As a matter of fact, Mr. Khrushchev himself, in 1955, talking to a group of United States congressmen visiting Moscow, said: "We value trade least for economic reasons and most for political purposes". Mr. Khrushchev has a habit, very often, of blurting out the truth.

Perhaps at the present moment, more important than the development of our trade with communist countries are the steps that might be taken to increase our trade with those countries that cannot trade with us now because of what the economists call insufficient international liquidity, which is a horrendous phrase meaning that these countries have not got enough foreign exchange to buy from us what they would like. There has been a good deal of discussion in the United States and in the United Kingdom as to what could be done to remove the consequences of this insufficiency of liquidity and help these countries get foreign exchange. Mr. Macmillan, Prime Minister of the United Kingdom, has been making proposals to Washington and, perhaps, to Ottawa, also with this in mind, and the minister will recall that Dean Acheson and Adlai Stevenson both put forward some every imaginative proposals in the United States about the way in which that government could make a contribution to this end, and without United States participation it would, of course, be difficult to make progress.

Whether this can be done through existing institutions such as the international monetary fund or whether some new agency should be set up, I do not know, but I am sure the minister would agree that nothing in this field is of greater importance than to join with other countries in a new move designed to increase the purchasing capacity of these countries. I wonder whether the minister could report on any developments that may have taken place in this field since the visit of President Eisenhower or of Mr. Macmillan.

Mr. Churchill: Mr. Chairman, I am not able to make any report with regard to these matters, but the subjects raised now by the Leader of the Opposition quite naturally are being considered.

The Leader of the Opposition has correctly assessed the situation as I see it, and I hope that the international monetary fund may be strengthened, or some new organization created to strengthen this aspect of world trade. The Leader of the Opposition will fully appreciate that it is no more possible for me to make a report at this stage of the proceedings than it frequently was for him in the past on negotiations being carried on with various countries.

Mr. Pearson: I was wondering whether there had been any specific proposal made either to the United States government or to the United Kingdom government, or both.

Mr. Churchill: Not at this stage. It will be interesting if someone does come forward with some definite proposal.

Mr. Regier: While we are on the subject of imports and exports, yesterday the minister, as quoted on page 2322 of *Hansard*, said that last year our imports from the United States were valued at approximately $4 billion. I wonder if the minister could give us any indication what it is expected that our imports in 1958 may be. I know he has stated there is going to be a decline.

Mr. Churchill: I welcome the hon. member to the discussion of the trade and commerce estimates. He is coming fresh to the fray. I hope he is not too vigorous, because we have been going on a long time. I think the information he requires is contained in publications. Reports are published which give the information with regard to exports and imports, and they are available to all members. By a process of elimination I have found my copy among the other papers in front of me. I have one dealing with exports, published by the dominion bureau of statistics, and there is a companion volume headed "Imports" which gives all the relevant information from January to the end of April. That, I think, is the answer to the hon. member's question.

Mr. Regier: I also have these reports. May I point out to the minister that the reports are always based on what has taken place, and my question to him was whether he can give to the country any indication—and after all he does have these forecasters in his department—of the kind of decline in imports we may be expecting this year. Last year we bought goods worth $4,000 million. Is he able to say that this year the figure is likely to be 25 per cent less, or $1,000 million less?

I have a further question to ask the minister at this time. Is he able to indicate which areas are affected by the decline? Is it likely to be a decline in capital goods, or is it more likely to be a decline in our imports of consumer goods? I have particular reasons for asking this question, and I hope the minister will indicate both the expected size of the decline and the field in which it will occur.

Mr. Churchill: In answer to the first part of the hon. member's question, I am not in a position to forecast as he would like me to do. Forecasts are sometimes accurate, sometimes inaccurate. Economists all across the country make them from time to time, and their forecasts appear in the papers. If the hon. member wants a longer distance forecast he might refer to the reports given to the Canadian royal commission on economic prospects with regard to imports and exports. The crystal ball has been examined there and the vista extended over a great many years.

With regard to the second part of the question, the fields in which there is a decline, here again I have to refer to these booklets and statistics which indicate Canada's import and export figures. As I pointed out yesterday, and as hon. members opposite pointed out, the decline has been to a certain extent in capital goods, and the decline in our exports has been in our primary and semi-processed metals, in some minerals and things of that nature.

There are certain downs in some things and ups in others. I have a list in front of me indicating our exports divided into half a dozen different main headings showing the general situation, but without going into very great detail I could not answer the hon. member's question. It would require reading out a great number of headings and providing statistical tables.

Mr. Regier: In that case I have to explain to the minister my reason for asking for the information. All of us were very pleased to hear of the determination of the government to do something about eliminating our adverse trade balance with the United States. Some of us were a little alarmed at some of the methods that were proposed. Now we are indeed bringing about a closer equilibrium between our imports and our exports. However, if the reduction in our imports is as a result of a reduction in imports of capital goods, well it merely means that the expansion and the rapid industrialization that I sometimes thought was rather excessive in some years gone by is declining, and as long as we have apparent surpluses here I do not think that that alone ought to worry us overly much.

My concern is that very much of this heavy reduction in our imports may be in the field of consumer goods, and if the reduction is in the field of consumer goods then this adjusting of our adverse trade balance is happening in a manner that the Canadian people do not like and did not expect. I am asking the minister whether the plight of our unemployed who are unable to buy many of the consumer goods they would like to buy and the low income of our farmers and fishermen in Canada are the factors primarily responsible for the great decline in imports, because if that is the case then I feel we have very little that we can brag about when we say that our former adverse trade balance is not as great as it was.

Mr. Churchill: I think the hon. member was otherwise engaged this afternoon when I was discussing the decline in our imports.

I pointed out that that might very well be balanced off by an increase in manufacturing in Canada. Consequently it is not necessarily a bad thing that imports should fall off if at the same time you are able to provide in Canada those materials which formerly you were importing. But I note here in some notes that I have in front of me that the decline in imports has been concentrated primarily in iron and steel and industrial machinery purchases, so that I think my hon. friend is unduly alarmed if he thinks it is just in consumer goods. I doubt very much whether he could relate the decline in those imports to any decrease in the purchasing power of the Canadian people.

Mr. Robichaud: Mr. Chairman, prior to June 10, 1957 and, more so, prior to March 31 of this year we heard a lot about the great decentralization program of the present government. In view of the events that are taking place in the maritime provinces, such as the announcement that a sugar plant in Saint John may be moved to central Canada and that a candy manufacturer in St. Stephen would like to follow suit and that base metal mines in northern New Brunswick are closed down completely and the coal mines have curtailed their operations at least for a period of five weeks at the present time and our pulp mills have cut down their operations from five days to three days a week, can the minister give us some clarification of the decentralization policy of this government?

Mr. Churchill: My hon. friend has been painting a picture of gloom—

Mr. Robichaud: Actual facts.

Mr. Churchill: —and has not mentioned some of the constructive policies of this government to put those mines back into production and to keep the coal mines functioning. Why must the hon. member just give one side of the picture?

With regard to decentralization of industry, this is something which has been advocated by this party over many years. In so far as it is possible steps will be taken to make each sector of our country prosperous and if that can be done through decentralization of industry, why steps along that line of course will be taken.

The very fact that support is being given to the coal mining industry in the maritimes is an indication of the desire of this government to maintain economic strength in that part of our country and that, of course, is part of decentralization. If they were permitted to close down and industries based on coal then shifted to central Canada you would have much greater centralization of industry than would be advantageous for Canada as a whole.

[Mr. Churchill.]

Mr. Pickersgill: Mr. Chairman, on the point raised by the hon. member for Gloucester, the minister perhaps did not pay as much attention, as did the hon. member for Saint John-Albert and some other hon. members, to the famous Moncton manifesto of the Conservative party which was issued some time before the election of June 10 and which indicated that the government would set up a special agency for the promotion, not the preservation at the last minute and after a five-weeks layoff in the existing coal mines, but of new industries in the maritime provinces.

The other day I asked the leader of the house to which minister one should address questions to about this matter, and he just looked confused, and I addressed the question to the Prime Minister who was not able to give a very satisfactory answer. I wondered whether the prime responsibility for the promotion of new industries in the Atlantic provinces rested with the Department of Trade and Commerce or, if it did not, to what department's estimates it would be appropriate for us to make our inquiries.

Mr. Churchill: So far as I know, Mr. Chairman, all inquiries may be made on these estimates. If, as sometimes happens, an inquiry runs over two or three departments, I think I heard the Prime Minister say the other day that it would be quite appropriate to inquire of him.

Mr. Pickersgill: Perhaps the minister did not quite comprehend my question. It was our understanding—I think it was the understanding of the people in the Atlantic provinces and perhaps part of the reason why the government got as much support as it did—that the government was going to set up some special agency in some particular department to take special charge of this function and I wondered whether that department was the Department of Trade and Commerce or whether it was some other department.

Mr. Churchill: I have not been notified to that effect yet.

Mr. Richard (Ottawa East): I want to ask the Minister of Trade and Commerce a question which has nothing to do with what we have been discussing. At the present time there is a royal commission on patents which is studying the Patent Act and the effects of the Patent Act. I was wondering whether the Minister of Trade and Commerce, through his economic adviser, has been in touch with this commission and has made representations to it? The point is this. The origin of the things which we buy is governed in many instances by the owner of the patent which

this country grants and, as the minister probably knows, about 85 per cent of the patents issued in any year are issued to foreign countries. Now, of course, there is no provision in the act to manufacture in Canada and patents generally, as the minister knows, create a monopoly and, of course, control prices. Without going into the question in detail, I was wondering whether the minister should not have his economic advisers get in touch with this commission immediately and study the effect of patents on the economy of Canada.

Mrs. Fairclough: Was that in the order of reference?

Mr. Richard (Ottawa East): It has not been done.

Mrs. Fairclough: It was not in the order of reference and your government set up the commission.

Mr. Richard (Ottawa East): I appreciate this interjection by the Minister of Citizenship and Immigration but she was also secretary of state for a while and had an opportunity to do these things. I am not reproaching her or anybody else. I am not here to reproach anybody. I am trying to do something for the citizens of this country. If there is one member of the house who has been very mild in criticism at all times in the past it is myself. At no time have I ever tried to interject anything that could be taken as a reproach upon anybody in the house. I am just requesting very nicely that the Minister of Trade and Commerce have his economic advisors consult with this commission to find out what is the effect of patents on trade and commerce in this country.

Mrs. Fairclough: If I may, Mr. Chairman, the hon. member has been interested in this question for a long time. This commission was set up at a time when his party formed the government. If my memory serves me well, the hon. member made repeated representations to his own government and to his own minister in charge of that department. I would suggest that the time when he should have made his heated criticisms was when his own minister sat on this side of the house and not now—

Mr. Richard (Ottawa East): Well—

Mrs. Fairclough: Now, sit down and take it—at a time when as he well knows, if he knows his law as I think he does—

Mr. Caron: Who is in power now?

Mrs. Fairclough: —the order of reference cannot well be changed with respect to a commission that has been operating for three years.

Mr. Richard (Ottawa East): Mr. Chairman, I forgive the dear lady for all she has said. I am sure she does not understand. I did not start my remarks in that manner and I am just asking the minister to do something now. I am not reproaching anybody. This is a very important matter and as the commission is still functioning and has not submitted its report there is still time to do this. I think it would be to the glory of the government, if it wants glory, if it would listen to this suggestion. What is the effect of patents on trade and commerce in this country? The commission is still sitting. It has listened to many people and I suppose it is going to listen to others unless it has closed its sittings. When the report is completed the government will no doubt look at it. Nobody has criticized anybody. This is a most innocent suggestion but probably one of the most constructive that has been made in relation to patents for some time.

Mr. Churchill: The hon. member has asked me if I will refer the matter to the economists in the Department of Trade and Commerce to see if there is anything that may be done with regard to patents in so far as they affect trade and commerce in this country. The Department of Trade and Commerce has very competent economists. I will put the problem to them and see what the answer is.

Mr. Richard (Ottawa East): Thank you.

Mr. Peters: Before the item carries I should like to ask the minister if he would care to comment on reports we have heard in the last few weeks throughout northern Ontario about a proposal to sell the crown corporation section of the trans-Canada pipe line. The people of northern Ontario are appreciative of the fact that this is a crown corporation. While there may have been many faults the people know that some control has been exercised because of the fact that the minister through his officials controls this particular section of the line and therefore exercises some control over the whole pipe line and possibly the distribution of gas through it. We have heard reports recently that Trans-Canada Pipe Lines is now in a position to make an offer, ten years prematurely, to buy out the section of the line for the construction of which the Canadian people of necessity had to set up a crown corporation. I certainly would appreciate a report from the minister on this very important part of his department.

Mr. Churchill: Mr. Chairman, I do not wish to interrupt the hon. member because I realize he is keenly interested in this problem, but although I have a responsibility to report to parliament with regard to the activities of

the Northern Ontario Pipe Line Crown Corporation that report would not normally be given under the estimates of the Department of Trade and Commerce.

Mr. Peters: I looked through the estimates and could not find any item but as this matter comes under the minister's department I presume from what he has said that a report will be made later. I should like to ask when and under what item.

Mr. Churchill: Unless there is an item in the estimates with regard to that particular matter, obviously members are precluded from asking questions on the estimates of the Department of Trade and Commerce. It is not this item at all. The corporation is not a part of the Department of Trade and Commerce. I just happen to be responsible to parliament for it.

Mr. Pearson: Well, this is parliament.

Mr. Churchill: But not on this occasion.

Mr. Argue: You are responsible but you will not talk.

Mr. Churchill: I also have the responsibility to report for the national research council and for atomic energy. Do you propose to ask questions on them tonight or shall we continue our useful discussion of trade and commerce and deal with the estimates that are listed in this book under that heading?

Mr. Pickersgill: I should like to say a word on the point of order raised by the minister. My recollection is that it is not the Hon. Gordon Churchill who answers to parliament, as is the case with the C.B.C. and the Minister of National Revenue, but that it is the minister of trade and commerce, whoever he may happen to be. Therefore if there is no specific item for something surely on the administration item of the department we can ask questions about anything that comes within the ambit of the administration of the Minister of Trade and Commerce. That has always been the practice in the house in the past and the point raised by the minister is a very extraordinary and restrictive one.

Mr. McPhillips: Your minister never made any answer.

Mr. Fisher: I wonder whether we could have a ruling, Mr. Chairman. I would take it that the attitude expressed by the hon. member for Bonavista-Twillingate opens the door to questions with regard to this crown corporation. First I should like to ask the minister whether reports in the press that the present head of Northern Ontario Pipe Line Crown Corporation is leaving to join Rio Tinto are true, whether the minister has the resignation in his hands and, if so, whether he would care to comment upon it?

[Mr. Churchill.]

Mr. Churchill: In the first instance I am not accepting a conclusion reached by the hon. member for Bonavista-Twillingate. Second, I do not propose on this occasion to answer questions concerning the Northern Ontario Pipe Line Crown Corporation. I think such questions could be asked on the orders of the day—

Some hon. Members: Oh, oh!

Mr. Churchill: —just as effectively as now.

Mr. Pickersgill: Is this the kind of accounting we are going to get?

Mr. Peters: Mr. Chairman, the crown corporation section of the trans-Canada pipe line is, as I understand it, administered by a deputy minister. Therefore I would assume that there are certain departmental expenses connected with the performance of his duties and on that basis I think there is a responsibility for the minister to report.

Mr. McPhillips: Find it in the estimates.

Mr. Pearson: On this point of order, Mr. Chairman, we have this item No. 1, which is the general item of the Department of Trade and Commerce. We have also the annual report of the Department of Trade and Commerce, and surely anything in that report is pertinent. If hon. members will turn to page 118 of the report they will find this, "Directory of boards, crown companies and agencies, reporting to parliament through the Minister of Trade and Commerce." Amongst those agencies is the Northern Ontario Pipe Line Crown Corporation. If we cannot ask questions in respect of those matters dealt with in this report under this item of trade and commerce, when can we ask questions in the House of Commons about them?

Mr. Churchill: It is quite possible to ask questions like this every day on the orders of the day.

Some hon. Members: Oh, oh.

Mr. Robichaud: We are shut off on orders of the day.

Mr. Churchill: There is no item in the estimates referring to this. I think on this occasion when we are dealing with trade and commerce we should complete the estimates of the Department of Trade and Commerce.

Mr. Caron: Why not admit you are ignorant about the matter?

Mr. Pearson: This is a very important matter, and the stand taken by the minister is quite unprecedented to my knowledge in the House of Commons.

The Chairman: I believe that since the Northern Ontario Pipe Line Crown Corporation comes under the Department of Trade and Commerce it is quite in order to discuss that on this item 1 of the estimates of this particular department.

Mr. Peters: The attempt tonight, Mr. Chairman, to shut off discussion would appear to be in keeping with the actions that have been taken in connection with this gas transmission line over the years. I appreciate your support, Mr. Chairman, but this crown company must obviously come under this department. The president, Mr. Golden, is, I understand, a top official of a department.

In so far as the pipe line being built through northern Ontario is concerned, there has been a great deal of dissatisfaction from the point of view of the municipalities which are to be served by the secondary trunk line. On numerous occasions there have been requests from the municipalities that the trans-Canada pipe line be put under public ownership. Recently, the heads of the municipalities throughout Ontario met and unanimously endorsed this position.

I think it is generally conceded by the people in northern Ontario living in the section through which the crown-controlled corporation has been operating that the crown-controlled operation has been advantageous. The farmers in that area have received much more satisfaction than those who live in the sections through which the privately owned pipe line is passing. The advantages of the crown corporation operation have been reflected in better terms for labour and better terms of expropriation.

One clause in the agreement between the crown corporation and Trans-Canada Pipe Lines gives the latter the opportunity of purchasing this line, and gives to Trans-Canada Pipe Lines the right to transmit gas through the crown corporation section of the line, and to receive any moneys that accrue from that for a period of 10 years. At the end of 10 years the private corporation has the option of buying this section at cost. At the end of that time, the crown corporation may go out of existence if the government is foolish enough to allow that to happen. Then we will find that rates will have been established for the distributing lines throughout Ontario.

The federal government could exert a great deal of influence and could assist greatly in the maintenance of fair and reasonable prices for the transmission of this gas. Unfortunately, in areas like Timmins the rates that are being quoted are $1 higher than they are 500 miles farther along that line. The people of northern Ontario are of the opinion that the fact that the part of this line with which they are concerned is crown-controlled has been advantageous. We wish the crown control to be continued. Certainly the fact that the federal government did get involved in the construction of this most difficult section of the line—a fact which resulted in the line being built in Canada—has shown the Canadian people that governments can build these lines. Certainly some control is going to have to be exercised over the private operators in this public utility field.

It has been suggested in the Ontario legislature that legislation must be introduced to exercise some control over the price of the product in these distribution lines. Certainly if that is true in the provincial field, it must also be true in the federal field. There has been considerable talk about starting a new line alongside of the present line, and before long there will probably even be a third line carrying a variety of products. Before this happens we should give consideration to the introduction of legislation that will provide for a more equitable situation in so far as expropriation is concerned. We have seen, particularly in the sections of the line not controlled by the crown, intimidation used in connection with expropriation. Farmers have been told that if they do not sell the land the company will take them to court and expropriate it. Farmer has been set against farmer, and very little care has been exercised to ensure that a farmer knows what kind of contract he is signing. Some legislation should be introduced which would be much more acceptable to the people of the rural communities when it comes to this matter of obtaining land which the farmer may not be too happy to sell at the price which is being offered.

It would appear to me that the old Railway Act or the sections of the Pipe Lines Act which provide for expropriation are cumbersome, expensive and of a type that works in favour of the company rather than the farmer who is trying to get a fair and reasonable price for the land he has to sell.

The Chairman: I regret to interrupt the hon. member, but he is straying away from the subject of the Northern Ontario Pipe Line Crown Corporation. He is talking now about pipe lines in general. I believe he should limit his remarks to the Northern Ontario Pipe Line Crown Corporation.

Mr. Peters: The people who have received the benefits from the pipe line going through Northern Ontario have been satisfied and are satisfied, in my opinion. Yes, there have been some problems. The Minister of Labour has been very helpful on a number of occasions in settling them. He has been able to

do this without serious difficulty because it comes under the jurisdiction of the federal government. Certainly the people in those areas want to see this pipe line extended under federal jurisdiction rather than limited. We should be very happy to hear the minister reaffirm that the government intend to maintain this line at least for the ten years that they have the right to do so and to extend that further if he sees fit to do so.

The Chairman: Shall the resolution carry?

Mr. Fisher: Mr. Chairman—

Mr. Churchill: Is this on the same topic?

Mr. Fisher: Yes; it is on the same topic. I am a little bit surprised that the minister does not want to carry out his role as the heir of the Right Hon. C. D. Howe in connection with this particular organization at this particular time.

Mr. Churchill: May I ask the hon gentleman a question?

Mr. Fisher: Yes.

Mr. Churchill: Suppose you wanted to express the will of the house. What action can you take with regard to this particular matter? On other matters you could move to have the appropriation reduced and you could have a vote on it. What can you do here? If the hon. member wishes to express himself on the subject, of course he can go ahead. But I just wondered what action he would propose.

Mr. Fisher: The minister is aware of the fact that I spoke to him about this matter previously and asked him about it. I was quite prepared to wait. But if it is going to be the ruling that it can be touched on at this time, I feel that I have every right to ask questions.

Mr. Churchill: The ruling was given. I was just asking a question myself. It was my turn to ask a question.

Mr. Fisher: In connection with the crown corporation, may I say that I think a great many people are unaware that the corporation has only five employees. If, as my friend the hon. member for Timiskaming suggests, the fact that five spreads on the line have been under the crown corporation and have accomplished better work than that which has been accomplished in the spreads that are directly under the Trans-Canada company, I suggest that these five employees deserve a tremendous accolade. It is interesting to note that Mr. Golden, the gentleman at the head of Northern Ontario Pipe Line Crown Corporation receives less than $1,000 per year for his work in that particular regard, a fact which indicates that the government is very careful in how it rewards gentlemen who are at the head of what was last year fairly close to being a $64 million business. I think it is a matter for comment that a man should be at the head of an organization handling a business of over $60 million and received from it $960 in return.

Mr. Caron: Mr. Chairman, could we suspend the committee for a few minutes in order to let the minister get some information? He may be unable to answer.

Mr. Fisher: I should like the minister to comment on the small size of this organization and just how effectively it can carry out its duties in building the line. One of my complaints is in connection with troubles in the Northern Ontario Pipe Line Crown Corporation. Whatever the backbenchers and the frontbenchers may feel, this has been the biggest problem in our whole area because it has stirred up a hornet's nest as far as Canadian-United States relations are concerned. If you went through the news columns of the newspapers and listened to the chit-chat around the twin cities and down the line, you would realize that the Northern Ontario Pipe Line Crown Corporation, in the work of the United States contractors along the line, has been the biggest single issue in our area.

I should like to suggest to the minister that this phase is passing. We know that the crown corporation will be going out of existence very shortly. The government has indicated that it has no intention of making this a permanent affair. Trans-Canada Pipe Lines Limited has announced that it intends to take advantage of what was created by the previous government. I should like to suggest to the minister that, out of the experience we have had in that area the government could learn some lessons. If, for example, we get into any crown corporation that is going to build an oil pipe line to Montreal from the west, if that should develop, I think one of the things that we can learn is that if there is going to be any crown corporation handling something that is many miles from Ottawa it needs to have offices in the field rather than having five people settled at Ottawa and trying to oversee, in some degree at least, the operations of a project as big as this one.

I would remind the minister that one of the difficulties that has cropped up repeatedly has been the whole question of United States labour in the various parts of the job. It drags in the Minister of Labour. It drags in the Minister of Citizenship and Immigration and the respective officials. I do not want to

go off into the realm of whether we should go after the government to have public ownership in this particular regard. I feel that there have been and will be in the future opportunities for that action. But I should like the minister to consider the problems that have cropped up locally out of the building of this line and out of the broad status that the crown corporation has had and I should like him just to give us his assessment of it and how well it has worked. I have a feeling that it has not worked very well at all. If he wants to lay the blame for the poor working upon the previous administration, I should like to hear about it. I hope he can give us an answer with regard to the gentleman who for $960 has looked after the crown corporation for a year. Aside from any personal sentiments one may have, I believe that he is an exceptionally able civil servant. I think it would be regrettable if he pulled out of the government service for private industry. I should like to hear whether the minister is doing anything to keep him in it or whether or not the reports are true.

Mr. Churchill: I heard that rumour to which my friend the hon. member for Port Arthur refers but I have not seen Mr. Golden in order to ask him whether or not it is true. I hope he will find it possible—if there is anything in the rumour—to remain with us until the completion of this northern Ontario pipe line. I appreciate my hon. friend's interest in this pipe line construction. I know that he has seen the line under construction, as have I and as I hope to do within the next two or three weeks if these estimates get through the house.

I know the hon. gentleman has been interested in the problems in connection with the labour force working on that pipe line. However, I think things have gone very well despite the control exercised from Ottawa. Nevertheless, my hon. friend realizes that the line which is presently under construction and which will be completed this year has been let out to the various contractors. It is divided into five spreads and those contractors are responsible for the work that is done and for the completion of the work according to the contract. This was the same operation as that which was carried on last year. I think there were five spreads on the line from the Manitoba border to Port Arthur. The work was completed according to schedule under rather difficult conditions because they made a late start. They started in June. But nevertheless it was done and gas was ready to flow through the line to Port Arthur by the end of December. However, the distribution system in the city of Port Arthur was not ready to receive it.

This year, on the remaining portion of the line from Port Arthur to Kapuskasing, work is much further advanced. We instituted a policy last winter of clearing the right of way during the winter months. It provided a great deal of employment and it turned out to be a very good policy to have that work done during the winter. The result is that an earlier start was made on the second section of the line. The work is very well advanced, the pipe has been delivered and is in position. The chart that was shown to me a week ago indicated great progress on the completion of the five spreads which are under construction, so that I think early in the fall the line will be completed. Despite my hon. friend's fears as to the way this has been controlled here is an indication that the work has gone ahead very well and I hope to be actually in the field to see the contractors and the progress of the work early in August. I believe there is no doubt at all that it will completed early in the fall and that the gas will be available for distribution.

My hon. friend said something about labour conditions in respect of the employment of Americans and Canadians. Had I known he was going to raise this question tonight I would have had available a report on that very question which is in my office and which indicates that the percentage of Canadians employed is very high. In the early stages of gas pipe line construction in Canada it is true that a large number of Americans had to be employed because of the inexperience of Canadians in this type of operation but this situation no longer prevails. We now have in Canada very many competent native born Canadians able to do the specialized work in connection with pipe lines and in fact on the present northern Ontario section which is being completed the vast majority of the people employed are Canadians. Only certain specialized groups have been brought in from across the border and this year there has been no evidence of some of the dissatisfaction which appeared last year, although it was not very marked, with reference to this particular question. I think, therefore, things are going very well and that credit is due to the president of the Northern Ontario Pipe Line Crown Corporation and his associates for keeping this work going and for their having arranged amicable settlements of the disputes as they have occurred from time to time and generally in respect of their whole supervision of the operation.

Mr. Fisher: Perhaps this is not the time to go back in retrospect as to the development in this matter, but if the minister will recall, last December I told him and the Minister of Labour that there was going to be a strike on the clearing of the way and the step

which he took in regard to the clearing of the right of way was very much appreciated. At least three times before the strike did break out, however, I passed on word that it was developing and about to break, yet we did not get an investigator to the area to see what was the problem until the very day the strike broke out. The Minister of Labour and the Minister of Trade and Commerce are aware that on that line there was what one might call a most regrettable kind of labour agreement involving workers who were not even on the job and who did not even know they were going to be on the job. The labour agreement between the pipe line contractors and these four unions has been standing in the way of a closer liaison between various government departments and a quicker solution of all the problems which have arisen.

The point I wanted to make was that if the government early in this development had put an investigator in the area through the crown corporation which, after all, is the body in charge of this whole business, we would have had much less of this shilly-shallying back and forth and the three government departments working on the problems. The Trans-Canada Pipe Lines, the pipe line contractors and the four unions, and a host of municipal authorities who were all mixed up in it would not have needed to become so involved. I just suggest that perhaps this experience contains a lesson for the minister and, for that matter, the Minister of Labour.

Mr. Peters: I notice that on page 721 of *Hansard* of May 30, a starred question was asked by the hon. member for Port Arthur of the Minister of Trade and Commerce. The minister, in answering the question, mentioned in part 4 of his answer the remuneration for certain employees of the Northern Ontario Pipe Line Crown Corporation in the amount of $960, and I would like to ask the minister where in the estimates that sum of money appears which, after all, is an amount expended by parliament?

Mr. Churchill: I would be very pleased to give that information to my hon. friend when my officials are here and when they will be able to turn directly to it.

Mr. Peters: I am not too familiar with these matters but I notice there are a number of crown companies and agencies which report to parliament. I refer to page 118 of the annual report of the Department of Trade and Commerce for 1957 which includes the names of the chief commissioner of the board of grain commissioners, Mr. R. W. Milner; the chief commissioner of the Canadian wheat board, Mr. G. H. McIvor; the chief statistician of the bureau of statistics, Mr. W. E. Duffett; the president and general manager of the Export Credits Insurance Corporation, Mr. H. T. Aiken and the president of the Northern Ontario Pipe Line Crown Corporation, Mr. D. A. Golden. Could the minister indicate where the salaries and expenses which must be paid in this connection are to be found in the estimates?

Mr. Churchill: The hon. member has the same advantage of myself if he has the book of estimates before him. He can refer to this book and he will find there are items in the estimates dealing with the headings he has read out with the exception of the Northern Ontario Pipe Line Corporation.

The Chairman: Shall the item carry?

Mr. Argue: I wonder—

Mr. Valade: Obstruction.

Mr. Argue: Did I hear someone say "obstruction"?

Mr. Valade: I said it is obstruction.

Mr. Argue: That is a nice thing, Mr. Chairman, that is a fine democratic remark.

Mr. Chevrier: Hear, hear.

Mr. Argue: From a member of the party—

Mr. Valade: Can I not pass a remark?

Mr. Argue: —which had to wait for two or three weeks to debate another issue in this house under a previous administration and then that administration accused his party of obstruction. We have been on one item of the trade and commerce estimates and this is only the second day. Yet if we take two days to debate the items of this department, what do we have hurled at us? The word "obstruction" from a new member of the Conservative party. I suggest, Mr. Chairman, that interjection is contempt of parliament.

Some hon. Members: Oh, oh.

Mr. Argue: And that the older members on the government side, when they were over here, would have picked up a remark like that and would have spent a long time damning the party to which the hon. member who made it belonged.

Some hon. Members: Hear, hear.

Mr. Valade: May I make a remark on this matter, Mr. Chairman, because I feel it is a question of privilege. When the previous government was in power and when we were in opposition we did not have one-tenth of the chance we are giving the hon. member to argue tonight.

Some hon. Members: Oh, oh.

Mr. Argue: There, Mr. Chairman, is a further slur.

The Chairman: Order. I believe we are getting a little away from the estimates of the Department of Trade and Commerce and it would be better if we kept our discussion to the item under consideration. The hon. member for Assiniboia at present has the floor.

Mr. Argue: A remark to the effect that the government backbenchers are allowing members of the opposition or of the C.C.F. group a certain latitude is, in itself, in contempt of this house.

Some hon. Members: Hear, hear.

Mr. Argue: Those members are not allowing members of the C.C.F. group or any other group in this house to speak and, secondly, a member of this house is entitled to stand up in his place on any item of the estimates and speak for 30 minutes and then if another speaker intervenes he is entitled after that to stand up again and speak for another 30 minutes. That is what the rule says. Yet these people want to get away and have some holidays, they say. They did not say that before the election.

The Chairman: I regret to interrupt the hon. member for Assiniboia, but his latest remarks are out of order. We are at present discussing the estimates of the Department of Trade and Commerce.

Mr. Argue: Mr. Chairman, I suggest that the remark of the hon. member should be withdrawn.

What I rose to say, Mr. Chairman—and I am listening now for further comments—was that I was interested to know whether one of the boards which reports to the minister, namely the Canadian wheat board, will have its annual report referred to the committee on agriculture during this session and whether that board and its officials will be in Ottawa to report to the committee on agriculture.

Mr. Churchill: The hon. member asked that question only a few days ago on the orders of the day. My answer then was that I thought it was within the competence of the agriculture committee to ask for that report and I am sure that if that is done and if the report is to be studied by the agriculture committee, the officials of the wheat board will be only too pleased to appear.

Mr. Argue: I have never yet known the agriculture committee to meet and make a formal request of the minister that a certain report be referred to it. I know that it has been said in the past that members of the opposition can have a committee called together, but I know that hon. members have tried and tried unsuccessfully. If the report of the Canadian wheat board is to go to the agriculture committee for review, the way it is brought to that committee is for the minister to stand up in the house and say that he has received the report and is prepared to have it sent to that committee and to move to that effect. If the minister would do this the report would be referred to the committee and the wheat board officials would come to Ottawa and appear before the committee.

It is now two years since the Canadian wheat board and its officials appeared before the committee on agriculture to give a report of its operations. No one, I think, would complain that the board did not come last year, or earlier this year, because it was almost impossible, but since it has become a regular procedure for the Canadian wheat board to appear before the committee and answer questions I think the minister should tell us now that he is himself prepared to move that the annual report be sent to the committee on agriculture.

Mr. Churchill: I am prepared to accept the hon. member's suggestion and give it consideration. If this is the procedure which has been followed in order to have the report considered by the committee and in order to have the representatives of the wheat board present I will look into the matter. I was not clear that this was the way in which it has been done in the past. I accept the hon. member's advice.

Mr. Argue: I want to ask the minister a straightforward question. Is he prepared to move in this house that the annual report of the Canadian wheat board be referred to the agriculture committee? If the answer is "yes", that is it.

Mr. Churchill: I thought I gave a straightforward answer. I said that if this is the procedure that has been used in the past I would be prepared to do it.

Mr. Argue: I just want it to be as categorical as that. And then I would like to know if it could be done as quickly as possible—the week after next, I would suggest—so that the wheat board could be here for that date.

An hon. Member: The day before yesterday.

Mr. McIlraith: May I say that the practice as far as this report is concerned, as I recall it, has been, for the minister, when he has tabled the document, to say whether or not he intends to refer it to the committee, and very often if he did not make that reference he was asked about it and then, as I recall,

the minister always made that motion referring it to the committee, indicating at the time when the officials would be available.

Mr. Churchill: I thank the hon. member for his suggestion, and as a great respecter of parliamentary procedure and practice I will look into the matter and if that is how it has been done in the past, I am quite prepared to do that.

Mr. Chevrier: I understand that the minister's department is responsible for the export of power and the granting of licences therefor. There is, I take it, a branch of his department which deals with this question. I should like to ask if there has been an increase in the export of electricity to the United States in 1957, because I presume that is the only year of which the minister would have any record. The next question is: has there been any export of electricity from the Beechwood project?

Mr. Churchill: Would the hon. gentleman be satisfied if he received an answer to those two questions tomorrow?

Mr. Chevrier: Yes.

Mr. McIlraith: One more question. I wonder if the minister would look at the notice of motion for the production of papers I have on the order paper to see if the correspondence I asked for passing between the minister and the students working at the trade fair in Brussels could be tabled tomorrow morning? If that could be done, conveniently, it might save some time.

Mr. Churchill: That has not been passed by the house yet.

Mr. McIlraith: It is not passed. It is on the order paper.

Mr. Churchill: It is on *Votes and Proceedings*. I will take the hon. gentleman's request into consideration.

Mr. Chevrier: May I ask a third question regarding the export of power? There was at one time a quantity of electricity exported at Massena, New York, and I am wondering if following the development that is to take place at the international section if any additional power will be exported to New York state?

Mr. Churchill: I have not heard anything about that yet, and I do not know anything about a request for that export.

Mr. Peters: Would the minister please check with his department and try to ascertain where the $960 appears in the estimates because I have checked again and cannot find it.

Mr. Churchill: We will do everything in our power to assist the hon. member and inform him with regard to this estimate.

The Chairman: Shall the resolution carry?

Some hon. Members: No. Ten o'clock.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I ask the leader of the house what is the business for tomorrow?

Mr. Churchill: We will continue, with I hope greater speed, the estimates of the Department of Trade and Commerce, followed by the estimates of the Department of Agriculture, and then the estimates of the post office and the Department of Veterans Affairs.

At ten o'clock the house adjourned, without question put, pursuant to the order of the house passed on July 14.

HOUSE OF COMMONS

Saturday, July 19, 1958

The house met at eleven o'clock.

GRAIN

REFERENCE OF WHEAT BOARD AND GRAIN COMMISSION REPORTS TO STANDING COMMITTEE

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, I move:

That the annual report of the Canadian wheat board for the crop year ended July 31, 1957, which was tabled on May 12, 1958, together with the report of the board of grain commissioners for 1957 which was tabled on the same date, be referred to the standing committee on agriculture and colonization.

Motion agreed to.

EXTERNAL AFFAIRS

MIDDLE EAST—REQUEST FOR STATEMENT ON DISCUSSIONS IN WASHINGTON

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): I should like to ask the Prime Minister whether he is in a position to inform the house about the results of the discussions held in Washington by the Secretary of State for External Affairs, and more particularly whether he can confirm the report in the press that the Secretary of State for External Affairs said that one of the objectives of Canadian policy was to persuade those nations concerned, in this case the United States and the United Kingdom, that there should be no movement from Jordan against Iraq.

Right Hon. J. G. Diefenbaker (Prime Minister): There is really nothing I can tell the house at this time that would be of any assistance. Yesterday, as everyone knows, the Secretary of State for External Affairs discussed the situation at great length with both the British foreign secretary, Mr. Lloyd, and the Secretary of State of the United States, Mr. Dulles. In consequence, following those discussions, he is meeting this morning —I think the meeting is under way now— with Mr. Hammarskjold. What passed yesterday will be brought to Mr. Hammarskjold's attention, to the end that every effort will be made to bring about the amelioration of the very grave situation that prevails at the moment.

So far as the United Nations is concerned, as you know the present position is that all three resolutions failed of adoption, that is those submitted by the United States, the U.S.S.R. and Sweden. At the conclusion of the sitting the delegate for the United States moved that an emergency session of the United Nations general assembly be called. However, that has not yet been decided upon finally, and the United Nations security council will meet again on Monday.

I think I might add that the endeavour of the Secretary of State for External Affairs on behalf of Canada is to assure that while the matter is still in a state of flux, no step be taken whatsoever which would extend any possible action by any nation beyond the boundaries of Jordan or Lebanon. I think that is as far as I would like to go at this time. I can tell the house that every effort is being made by the Canadian government to make its contribution to the end that the serious situation may be, if not solved, at least greatly diminished in its danger and peril.

Mr. Pearson: I have a supplementary question. I know the government is in close touch with the government of the United Kingdom on this matter. Would it not be desirable to have a full exchange of views, if that has not already been done, with other members of the commonwealth with regard to this crisis?

Mr. Diefenbaker: In so far as other members of the commonwealth are concerned, there are available to the Department of External Affairs and to the government the views of several of the nations making up the commonwealth. Their views are known to this government, and they are also known to the other members of the commonwealth.

SHIPPING

BRITISH COLUMBIA—STRIKE ON BLACK BALL LINE

On the orders of the day:

Hon. Lionel Chevrier (Laurier): I wish to direct a question to the Minister of Labour. Is he in a position this morning to report on the strike of the Black Ball ferries linking the mainland of British Columbia and the island of Vancouver?

Inquiries of the Ministry

Hon. Michael Starr (Minister of Labour): I had hoped to have a report this morning to give to the house. However, I regret that I am not in a position to do so except to say that very active consideration is being given to this matter. I hope to have something to say about it on Monday and to make a report to the house.

Mr. Chevrier: May I ask a supplementary question. Is any consideration being given to additional air facilities from the mainland to the island, as I suggested yesterday?

Mr. Starr: I have checked into that situation and find that at the moment the facilities are adequate in that respect.

DOMINION-PROVINCIAL RELATIONS

INQUIRY AS TO PAYMENTS UNDER TAX-SHARING ARRANGEMENT

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I should like to ask the Minister of Finance whether there has been any revision in the payments made to the provinces under the tax-sharing arrangement as a result of the new population estimates that were published the other day. If so, would the minister be willing to give the amount of the instalment paid to each province in July in the same manner as it was given for the first three months of the current fiscal year?

Hon. Donald M. Fleming (Minister of Finance): If my hon. friend had indicated that he was going to ask this question I could have brought the figures with me. I will bring them to the house the first of the week.

Mr. Pickersgill: That will be very satisfactory.

[*Later:*]

Mr. Fleming (Eglinton): Mr. Speaker, I now have the figures for which the hon. member for Bonavista-Twillingate asked in regard to the scale of fiscal payments to the provinces. May I say that the payments to the provinces under the Federal-Provincial Tax-Sharing Arrangements Act have been recalculated for July on the basis of the budget estimates for 1958-59 and the new population estimates issued by the dominion bureau of statistics.

Perhaps, Mr. Speaker, as these are rather extended figures it might meet the wishes of hon. members if they were placed on *Hansard* without my reading them now. I have indicated in three columns first of all the final estimate for 1957-58, the preliminary estimate for 1958-59, which was used, and now the revised estimate for 1958-59.

[Mr. Chevrier.]

Mr. Pickersgill: That would be quite satisfactory as far as I am concerned, Mr. Speaker, but I would like to ask the minister whether these figures include payments under the Atlantic provinces grants, or are they the tax-sharing figures only?

Mr. Fleming (Eglinton): No, these embrace the payments under the Atlantic provinces adjustment grant and are the total payments being made under the provisions of the Federal-Provincial Tax-Sharing Arrangements Act.

Mr. Speaker: Is it the pleasure of the house that this table be incorporated in the minister's answer in *Hansard*?

Some hon. Members: Agreed.

[*For figures above referred to, see appendix "A" to Hansard for Monday, July 21, 1958, page 2513.*]

DEFENCE PRODUCTION

CANADIAN ARSENALS-CROWN ASSETS—REQUEST FOR TABLING OF REPORTS IN FRENCH

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, may I ask the Minister of Defence Production when he expects that copies in French will be available of the report of Canadian Arsenals Limited which was tabled on June 27, and that of Crown Assets Disposal Corporation which was tabled the same day?

Hon. Raymond O'Hurley (Minister of Defence Production): Mr. Speaker, we expect to have the French report about the middle of the week.

NATIONAL DEFENCE

NOVA SCOTIA—INVESTIGATION INTO ADMINISTRATION OF BEDFORD NAVAL MAGAZINE

On the orders of the day:

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, yesterday the hon. member for Bonavista-Twillingate asked me if my department had made an investigation into the administration of the Bedford naval magazine in Nova Scotia. No such investigation has been made, nor do I know of any reason why an investigation should be made. Perhaps the hon. member might like to suggest what he wants investigated.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I was not suggesting that I wanted any investigation. I was just expressing curiosity and asking the question for information.

LABOUR CONDITIONS

UNEMPLOYMENT—REQUEST FOR REPORT ON CONCLUSIONS OF CURRENT CONFERENCE

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I should like to direct a question to the Minister of Labour. Can the minister say whether he has yet received the final report as a result of the conference held in Ottawa this week on winter unemployment? If so, can he tell the house the recommendations in the report, and what the government contemplates in that regard?

Hon. Michael Starr (Minister of Labour): Mr. Speaker, I have not received all the reports. I have received three reports in preliminary form but not in final form. One of the committees has not submitted any report as yet.

[*Later:*]

Hon. Paul Martin (Essex East): May I ask the Minister of Labour if he could tell the house whether or not a record of the proceedings of the recent conference of management, labour and the provincial governments will be made available to this house? I understand there was a verbatim account taken of the discussions and that there is some question as to whether or not the record of proceedings will be made available to the public. Could the minister inform the house whether we will be able to have the record of the full discussions which took place at the conference, particularly with respect to unemployment?

Mr. Starr: Mr. Speaker, may I say that the conference was participated in not only by the federal and provincial governments and by labour, but there were other groups involved. However, I will take the hon. member's question into consideration and investigate the possibility of complying with his request.

Mr. Martin (Essex East): I had hoped you could deal with this matter now.

HOUSE OF COMMONS

LETTER TO LEADER OF THE OPPOSITION FROM TRANSPORT DEPARTMENT

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I direct a question to the Minister of Transport. Could he tell me whether the generally well-informed officers of his department are not aware of the fact that the Leader of the Opposition is my colleague, Hon. Lester B. Pearson, and not Right Hon. Louis St. Laurent, as this letter emanating from his department, and which I will send over to him, would indicate?

PARLIAMENT BUILDINGS

CENTRE BLOCK—REQUEST FOR IMPROVEMENT IN ELEVATOR SERVICE

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I should like on behalf of the Minister of Agriculture and several other hon. members to ask whoever is the Acting Minister of Public Works if, in the absence of the minister himself, he would see if something could be done to improve the mechanical efficiency of one of the elevators in this building.

SUPPLY

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

DEPARTMENT OF TRADE AND COMMERCE

391. Departmental administration, $739,086.

The Chairman: Vote 391, page 73 of the blue book, details at page 512. Shall the item carry?

Mr. Pearson: There was a question I asked the minister yesterday to which he has not replied. Perhaps he would care to answer it now. It was in connection with the proposal reported to have been made in December at the NATO council meeting and again at the defence ministers' meeting in April in regard to a NATO food pact, and the reference by the United States ambassador when he was before the congressional committee in Washington to the effect that the Canadian government had made no detailed proposals of any kind and that they were waiting to hear from the Canadian government before they could express their views.

Mr. Churchill: A proposal for establishing a food bank has been made on several occasions during the last 12 years. When hon. gentlemen opposite were in power they had this matter under consideration. If there is general agreement among the NATO nations that a food bank should be established, Canada is quite prepared to play her part in that type of development.

Mr. Pearson: That does not quite deal with my question. Would the minister comment on the statement of the United States government that the Canadian government has made no detailed proposal in NATO, and that without receiving further details regarding the Canadian proposal it is impossible to tell how it might fit into NATO planning. I mention this because so much was made of it in the house last autumn after the council meeting in Paris, and also because the Minister of National Defence made a public statement about it after he got back in April.

Supply—Trade and Commerce

Mr. Churchill: If the Leader of the Opposition is referring to something in the nature of a formal presentation to the NATO organization, which I presume he has in mind, my understanding has been that it was discussed informally at that meeting in Paris. Responsibility rests also with other nations in the NATO group, not solely with Canada. The proposal was put forward; if it is not acceptable to other NATO countries it is a little difficult to proceed in the matter. My own understanding is that the matter is still under review, and that ways and means are being considered for the establishment of a food bank which in times of crisis and emergency would certainly be of great assistance to countries that may be in danger.

Mr. Pearson: In view of the fact that Canada has more to gain from this proposal than perhaps any other NATO country, will the government take the initiative in putting this proposal formally before the NATO council as was suggested by the United States ambassador when he was in Washington in the testimony before the committee which I have just mentioned? It is one thing to have informal conversations, as the hon. gentleman knows; it is quite something else to put a formal proposal before the NATO council for inclusion on the agenda of the council for consideration and possible action.

Mr. Argue: We in this group are exceedingly interested in the whole question of a food bank for NATO countries, or for that matter in an international world food pool as has been suggested in this house from time to time. I think the whole question of a food bank in Europe is one that should be given full support in this house. I remember Lieutenant General Guy Simonds making the statement that if we had a food bank of wheat in Europe instead of the CF-105 the expenditure in his opinion, would have been more worth while.

I am wondering if there has been any discussion among the NATO countries as to whether some of the money Canada now spends on armaments might be transferred to an account for the establishment of such an emergency reserve of food, in the belief that by doing so we would be making a contribution to defence even more adequate than the contribution we are now making.

Certainly we support wholeheartedly the idea of a food reserve for NATO countries. We go one step further and say there should be an international food pool so that people in deficit food producing areas may be saved from the pangs of starvation by getting surpluses from the surplus producing countries where those surpluses, incidentally, cause a great strain on food prices.

[Mr. Pearson.]

Mr. Pearkes: Perhaps I could throw a little light on the subject, as I attended the defence ministers' conference in Paris in April, where I made on behalf of the government of Canada the offer and proposal that a food pool should be established in Europe in order that there might be held certain stocks of flour, wheat and other commodities which could be used in the event of an outbreak of hostilities. At that meeting the whole matter was referred to the permanent council. Various questions have been asked since regarding the cost and the method of storing and packaging this material. The whole subject is now being investigated by the permanent group of the NATO.

Mr. Argue: I wonder if the minister could say when the discussions may reach a point where a decision is likely to be made. I am sure that with such important discussions in progress the minister has some general idea as to when the discussions may terminate, a conclusion be arrived at, and the conclusion either accepted or rejected.

Mr. Pearkes: I could not possibly forecast as to when other people will arrive at a decision in this matter.

Mr. Pearson: Well, Mr. Chairman, the Minister of National Defence has given us rather different information than that which we secured from the Minister of Trade and Commerce. I suggest it might be well for the government, then, to take the matter up with the United States government because of the wrong impression which must have been given—inadvertently, of course—by the United States ambassador to Canada in the hearings before the foreign relations committee of the United States Senate. I quote from those hearings, as I quoted from them yesterday. The ambassador said:

> —the Canadian government has made no detailed proposal in NATO or to the United States government that such a bank be established—

He went on to say that the government of the United States—

> —will of course be glad to consider any detailed proposals which may be made in NATO by our Canadian friends.

The Minister of National Defence said that such a detailed proposal has been made, and perhaps it would be desirable to clear this matter up with the United States government and get that government to consider it, because of this indication of its willingness to do so.

Mr. Diefenbaker: Mr. Chairman, possibly I could say a word in this connection. I brought this matter before the NATO council in the month of December as a proposition

that deserved the attention of the nations joined together on behalf of freedom. In so far as an international food bank is concerned, or a food pool, it is obvious that the achievement of such an organization is impossible. It has been considered over and over again at FAO meetings. One who has made a very detailed study of the subject and has made the strongest representations to the FAO is Mr. Hannam, president of the Canadian Federation of Agriculture. I received from him the detailed study he had made of the subject, and presented it in a general way to the NATO council in Paris in December.

Mr. Martin (Essex East): Was this a formal proposal made to the NATO council by the Prime Minister?

Mr. Diefenbaker: I am coming to that. In the light of subsequent events, I think the stand I took at that time was a reasonable and necessary one to take. I pointed out the fact that the U.S.S.R., while pretending at all times to have no aggressive purposes, was building up a very large submarine fleet. Submarine fleets are not built up for defence. The U.S.S.R. has some 570 submarines whose purpose—this is more than inference on the basis of previous experience with nations which went in for submarine activity—would be in large measure to paralyse food reserves and by bringing about a state of famine achieve indirectly or psychologically what it might not be able to attain militarily.

The suggestion was made knowing that there was no possibility of attaining an international organization and having regard to the fact that FAO, with the tension of the international situation in the last several years and being composed of others in addition to the freedom-loving nations, could not hope to attain any success in this direction. It was brought up on that occasion not in a formal way but as one of those things that deserved consideration and discussion. Nothing was presented in a formal way at that meeting of the 15 heads of the various NATO countries. The discussions were informal, the purpose being an exchange of ideas and ultimately, in consequence of the discussions, the making of fuller representations.

The Minister of National Defence did so, as he has already stated, and it is not for me to enter into any discussion of statements made by ambassadors of friendly countries. But I can say that the matter is under consideration, and I think the events of the last two weeks underline the necessity of action in this regard.

When I brought the matter to the attention of the NATO meeting I pointed out that the establishment of such a food bank was possible, was in my opinion necessary and was one of those things that might be done under article 2 which for so long received so little attention by the NATO organization. It would achieve two purposes. First, it would remove the overhanging surpluses that today have a detrimental effect on agriculture in general. Second, it would bring about a degree of security in defence in that it would make food supplies available to the countries in Europe which, if left to themselves, would have difficulty in increasing their output of agricultural products to the degree necessary to provide reasonable and proper sustenance in those countries.

Now that most realize that NATO preserved the peace in the last several years and that its defences have been such as to make the countries represented in NATO reasonably secure against the danger of aggression, in my opinion a further step is necessary. Certainly what is happening now gives added emphasis to the need that we do something to assure that if conditions change and defence measures become necessary for survival, a food bank will be available. If war breaks out one can only hope that the merchant fleets will be able to operate. Beyond that one cannot go. Because of that I think what is happening today in the Middle East and the gravity of the world situation will give added emphasis to the need of action in this connection.

Mr. Argue: Mr. Chairman, I believe the Prime Minister has made an important statement, and we hope that every effort he makes toward the establishment of a food bank among the NATO countries in Europe will meet with success. In addition to having made certain general comments at the meeting of the NATO heads of state as well as the more detailed discussion by the defence minister, I think the Canadian government should consider making a concrete offer to the NATO countries, since without question we are one of the countries that would be called upon to supply a very large part of the food going into any such food bank. Interested as we are in moving surpluses from this country and putting purchasing power into the economy, as well as providing this kind of reserve in case of an emergency whether brought about by conflict of arms or by very bad crops such as France had some time ago, we think this is a good idea.

I suggest to the Prime Minister that it would be an imaginative step on his part, the kind of step that might result in concrete action, if Canada would say to the NATO countries something like this. We have 100 million bushels of wheat that we will put into a NATO food pool now. We are prepared to supply it, and if necessary we are prepared to pay the cost of it now. In

addition, I think Canada should put a price tag on the wheat at a level that would give our wheat producers a reasonable return.

In my opinion that is a very sensible idea. It is time something was done through food pools and other actions to increase the price of wheat or the whole wheat economy of western Canada will suffer further deterioration. Therefore I suggest that the Prime Minister should offer the NATO countries 100 million bushels of wheat at a price of $2 a bushel.

Now, there may be snickers from the occupants of the benches behind the Prime Minister, but I do not believe the $200 million involved is an expenditure we should immediately reject because of its size as being something entirely impossible. There is another way this amount may be provided, and that is to say to the NATO countries: If you feel that such a food pool is important perhaps part of our defence expenditures now made for the purchase of other items could be used for the purchase of such a quantity of grain.

When we are discussing a regional food bank for emergency purposes. I would suggest to the Prime Minister that there are even stronger reasons for providing a food bank for the Colombo plan countries. That is an area where starvation is always close at hand. That is an area where people require the surplus food we have in this country. I feel that Canada should go even farther than she has gone in providing such assistance to Colombo plan countries.

I do not believe the economic strain on the Canadian nation would be on a level that might suggest itself at first sight to people who are not conversant with the grain industry. The Prime Minister knows that many millions of bushels of wheat have been held in storage in this country for four, five or perhaps even six years. The government is now paying very substantial sums towards the cost of storage of this grain, and in these estimates there is over $40 million for that purpose. The worst thing you can do with wheat is to keep it on hand for five or six years. The storage or carrying charges eat up most of the value of the wheat and you have lost it in an economic sense, though you still have the wheat on hand. It would have been much more economic for this country if the former administration had provided by way of gifts, paid for out of the national treasury, substantial quantities of wheat. The cost to the Canadian economy would not have been any greater.

I would suggest to the Prime Minister that in addition to these general discussions, Canada should make some concrete offer, and we should endeavour to have established in the Colombo plan countries a food pool where it will be needed in the years ahead to combat famine.

Mr. Pearson: I agree with the hon. member for Assiniboia. The house will have heard with great interest and satisfaction, I think, the statement that has been made by the Prime Minister on this matter. He quite rightly divided this subject, the establishment of a food bank, between its international and its NATO aspects. The subject of an international food bank has been before the United Nations food and agriculture organization for many years. The purpose behind this proposal, which has not been carried into effect, has been both economic and humanitarian. In that sense that kind of food bank would serve the purpose which my hon. friend has just mentioned in connection with the Colombo plan countries.

The Colombo plan itself, as my hon. friend knows, was not established as a mechanism for consumer goods assistance but rather for capital and technical assistance. The NATO food bank has both economic and defence aspects. It has economic aspects in that it would strengthen the economies of the North American members of NATO if surplus wheat could be disposed of in part in this way. It would even strengthen the economic position of the European members of NATO by sterilizing, in a financial and economic sense, some of these surpluses so they would not be overhanging the market.

Perhaps more important so far as NATO is concerned is the defence aspect. When I say that I am thinking of defence in its 1958 aspect and not in its 1914 aspect, because in the light of the kind of war to which we would be subjected if war were ever allowed to break out, food would be not only a necessity for defence but a necessity for survival in Europe. We would be deceiving ourselves if we ever thought that, in terms of an atomic war, the Atlantic shipping lanes would be kept open. The only chance the European countries would have of getting food for survival would be the food that would be on the spot at the time.

While this proposal may have been a desirable thing five or ten years ago, it is far more necessary now. It is for that reason we should hope that this proposal, which in some form or other has been made by the Canadian representative to NATO, by the Prime Minister last December and apparently in more detail by the Minister of National Defence in April, will be followed up. This would seem to be the time to do it. I am certain it will get a more constructive and favourable reaction from some of the European members

of NATO now than it received in the earlier days of NATO, when the necessity may not have seemed so great.

I would hope, therefore, that this proposal which has been made will be followed up vigorously. I also hope that perhaps the minister concerned would be able to make a report to this house on the consideration that has been given to it by the permanent council, because the Minister of National Defence said it had been before the permanent council. He went into some detail as to how it could be worked out. There are problems of storage, problems of turnover and other technical problems. If the permanent council has been discussing this subject it will be interesting for the house to have a report on that matter.

Finally, it surely is important, because we cannot do this without the co-operation of the United States and that applies to so many things these days, to remove any impression in Washington which seems to exist in the minds of some members of the executive, and which must have been created in the minds of members of congress by this testimony of May 13, that the Canadian government has not made such a proposal and is not anxious to see the proposal carried into effect.

Mr. Diefenbaker: I find greater support in this house than I did last December at the NATO meeting for the suggestion which I made then for the first time. It was the first occasion that this had been brought to the attention of the NATO organization. As the Leader of the Opposition says, the proposal has two elements in it, that of need and also that of defence. Placing them in reverse order, I am sure the government will be very gratified with the views expressed by the Leader of the Opposition and by the hon. member for Assiniboia in reference to this matter.

I do not want to make any reference to the evidence given or the testimony furnished to the committee by the ambassador. I might add that recently there was a press report to the effect that the commander of the Atlantic NATO forces felt this plan had merit, and that on the basis of the hypotheses that have been advanced now by the Leader of the Opposition, if war came it would be very difficult to keep open the lanes of commerce, there was a greatly increased and intensified need for action in this direction.

In so far as the remarks of the hon. member for Assiniboia are concerned in connection with extending this beyond the NATO countries and giving to it a Colombo plan connotation, may I say this. While all of us agree that food is of primary interest, a transcendent necessity if those who oppose communism in the east are to be able to maintain their stand, I have not at any time since I became Prime Minister had any evidence that the nations within the commonwealth in Asia have that same desire he has expressed to have available to them wheat and other food products in bulk and in large measure. They have made their requests. As a matter of fact, while this government has increased the amount of food available under the Colombo plan it has always found that the viewpoint of the brother nations in Asia is generally that the assistance should be, as was said by the Leader of the Opposition, in technologicial or machine assistance and not food assistance and the like.

Food was accepted in Ceylon. Food was needed because of famine conditions there last fall and in the early winter. With that exception the attitude of the Asiatic nations of the commonwealth has certainly been far removed from that of the hon. member for Assiniboia, who appeared to think that these nations are reaching out and demanding additional food assistance beyond the comparatively small amounts needed to meet immediate and emergency conditions.

However, I want to thank both hon. members for their contributions to this matter. My friend the hon. member for Assiniboia spoke of an imaginative plan. He certainly produced one which was in no way limited by financial considerations. On occasion, Mr. Speaker, I have heard criticism to the effect that we should be extremely careful that we do not overexpend. While I do not take second place to anyone in my desire to achieve some degree of economic assistance to those countries, I realize the limitations imposed not only by financial needs and requirements but also by the wishes of the countries in question.

I sometimes think that if we had given greater attention to economic assistance we might, in the light of events that have taken place since 1943 or 1944, have been able to preserve a higher degree of resistance among certain nations, and in particular China, of which it has been said by Mr. Hoffman that if in 1944 the nations of the free world—then the allied nations—had contributed $400 million by way of economic assistance the events of history might have been otherwise than they have been. However, all of us have far better capacity to judge in the light of events after they have taken place than to say with certainty what is going to take place in the future.

At this particular time when everywhere in the world—and I am speaking of the present moment—there is a tremendously intensified psychological propaganda campaign

on the part of the Soviet and other communist nations, all of us in the free world will have to make a new reassessment of matters such as this. But again I say that it is on occasions such as this that the House of Commons when it gives its undivided attention to a matter for the benefit of the nation, touches its highest point and achieves its greatest opportunity for the people. I thank both hon. gentlemen for their contributions, the Leader of the Opposition for what he has said in the light of his wide and extensive experience in the field of foreign affairs and my friend the hon. member for Assiniboia for his continued interest in this subject.

Mr. Argue: Mr. Chairman, I listened with great interest to the comments of the Prime Minister. As to the cost of the 100 million bushels of wheat that I suggested, I do not think we can say offhand or can say immediately that a $200-million expenditure is one that we would reject outright because of any drain it might make on the national treasury. If the proposal for a food pool in Europe means anything in concrete terms, as I am sure it does, I am certain that it will have to be paid for. I am sure that when Canada made such a suggestion the government must have had in mind—I would expect this to be so—bearing part of the financial burden of such a food pool. If that is the case, any suggestion that it might have been in the neighbourhood of $200 million I think is not at all out of the way.

I was rather disturbed, though, at the minister's remarks on my suggestion of a food pool for Colombo plan nations. We realize that a food pool for Europe is a good deal different from a food pool for Colombo plan countries. A food pool for Europe is not something that is likely to be needed immediately, at least we certainly hope not. Certainly the people in that area do not need the addition of bread grains to their diet. But in the Colombo plan countries I think the situation is entirely different. When the Prime Minister says those countries have never suggested that they should have additional food instead of technological and machine assistance, I think he is right; in fact I know he is right. Even though millions of people in Colombo plan countries are next door to starvation almost every day of their lives, their governments take the attitude that if there is ever to be an improvement in their standard of living they must industrialize; and they will industrialize, if necessary, on the basis of an even lower food intake for their people. It is a question of improving their standard of living for the future no matter what the sacrifice to the present generation.

[Mr. Diefenbaker.]

That is not what I had in mind when I suggested a food pool for Colombo plan countries. I did not have in mind saying to them: We are going to give you $35 million, but we hope that instead of taking it all in technological and machine assistance, you will take $10 million of it in wheat. That is not what I had in mind at all. What I had in mind was something over and beyond what we are now doing; a food pool, a reserve of food which would be available to those countries in time of need.

Another reason those countries are reluctant to take these gifts of food at a given time, which gifts they sometimes feel are more on the basis of getting rid of a surplus by the country making the donation than with a view to meeting their long-term needs, is that it is no solution to the problem of feeding their people who are hungry today if they are going to be allowed to starve tomorrow. In such a way one is just postponing the end. They are interested in establishing some kind of plan whereby they can get regular supplies of food so there might be a general improvement in their diet on a long-term basis.

When I put forward the suggestion of a food pool for Colombo plan countries I am thinking of something in addition to technological and machine assistance. I am thinking in terms of long-range planning which would add to the calorie intake of the people of these areas; and if that kind of proposition were to be put to the governments of the Colombo plan countries I am firmly convinced that they would accept it without reservation or objection.

Mr. Pickersgill: I want to say just a brief word before the item carries with respect to a subject introduced yesterday by the hon. member for Ottawa West and referred to later by the hon. member for Laurier. I have in mind the matter of the Canadian National Steamships and trade with the West Indies.

I think we on this side of the house were all gratified by what the minister said with respect to the government's intention to provide a ship for interisland trade in the West Indies. That idea, of course, originated when we were in office, and we are naturally flattered that the government should carry it out. The minister, in referring to Canadian National West Indies ships said, I think quite correctly, that at the present time the traffic was being adequately carried by other ships. While we believe that to be true we do know that although the population of Canada increased by 3 per cent last year our export trade increased by only 1 per cent. Our trade is therefore falling behind our rate of development, and we have high hopes that the Federation of the West Indies will

result in a vastly expanded trade, not next year but over the years, between that federation and Canada.

This shipping service of the Canadian National Steamships was, of course, originally undertaken pursuant to the Canada West Indies trade agreement of 1926. The service has been in operation since 1927; and if the government find it quite impossible, as they seem to have decided it is, to get these ships operating under the aegis of the Canadian National Railways—I gather the Minister of Transport has given up hope of doing that—I hope that before the government sell these ships outright so they would have no further connection with Canada, consideration might be given to the possibility of transferring the ships themselves under some mutual aid or lend-lease or some analogy with the Colombo plan to the West Indies. At the same time the West Indies might be given a measure of technical assistance so the service might be operated as it has been operated for 30 years between Canada and the West Indies.

My hon. friend from Gloucester reminded the minister last night about the situation in Saint John, New Brunswick, where there is a threat that the sugar refinery may be closed down and its operations moved to central Canada. I do not know whether it is a valid reason, but one of the reasons given in a public speech by the head of this enterprise for this prospective was that the freight cost to Saint John from the West Indies is almost as high as it is from the West Indies to Montreal, and that sugar shipped from Saint John to central Canada had, of course, to pay in addition the rail freight or an extra ocean freight.

It may be that these ships could continue to be operated on a somewhat different basis, and it may be that the government would even consider it worthwhile to give some financial assistance to their operation. It might be that by operating to Saint John and Halifax and then from either of those ports to St. John's Newfoundland and then direct from St. John's to the West Indies, cargoes could be provided on a triangular basis which would make it possible to cut the freight costs somewhat.

It has, of course, been a grievance for a long time in Newfoundland that the bulk of our fish had to be shipped to Halifax and then transshipped, and as a result the freight on Newfoundland fish is considerably higher than it is on exactly the same fish shipped from Nova Scotia. It happens that from a geographical point of view St. John's is nearer to the West Indies than Halifax, but I would not suggest for one moment that the rate from Newfoundland should be lower than the rate from Nova Scotia. It is, however, the desire of everyone in Newfoundland to find some way in which these rates can be equated; and if it were possible, by operating this service from the West Indies on a lend-lease or mutual aid arrangement so that the ultimate title to the ships would remain with Canada although they were completely operated by the West Indies people under their own conditions and by their own arrangements, it might be possible to retain this industry in New Brunswick and to equalize the freight rates on our fisheries products as between Nova Scotia and Newfoundland to the West Indies. It is always possible, of course, to pick up in Halifax or Saint John cargoes of package freight of one kind or another shipped from central Canada to Newfoundland.

I think the Minister of Transport would agree with me that at almost all times there is hanging over the Canadian National a surplus of freight which has to get across Cabot strait; and to have this additional service available to carry freight between Saint John or Halifax and St. John's would ensure cargoes in all three directions. Of course I am not an expert and this is a project which would require a good deal of study. I do not expect the minister to make any comment about it, at this time unless he wishes to do so, but I feel that although the Minister of Transport had the prime responsibility for its operation, since this service was originally instituted for the promotion of trade with the West Indies, and since we are very anxious in the Atlantic provinces to expand that trade as rapidly as possible, that the government should take one more look at this alternative suggestion before we get rid of those ships in such a manner that they will be altogether lost to that service and to Canada.

Mr. Benidickson: Has the minister found out where this $960 is provided for with respect to the crown pipe line company, what vote it is under?

Mr. Churchill: It was an expense account, to pay travelling expenses.

Mr. Benidickson: But what item; is it trade and commerce administration?

Mr. Churchill: It is under the general item with regard to expenses, and we will refer to it when the officials are here.

Mr. McIlraith: I have one or two detailed questions to ask concerning the expenditures on departmental administration. I am telling the minister this in case he wishes to bring his officials before him. The first has to do with the personnel of the department.

Mr. Churchill: Perhaps I could interrupt the hon. member so the officials could come down to the floor of the house.

Mr. McIlraith: Yes, that was my suggestion. Now that the minister has his officials before him, I think most hon. members in the house will appreciate the fact that it is the new deputy minister of the department who is now on the floor assisting the minister with his estimates, and I think generally speaking those who have followed the trade relations of this country over the years will be very pleased with that appointment and particularly pleased with the fact that the new deputy minister is one who had a long record in the trade commissioner service of the country before his promotion.

Mr. Harkness: He also has the advantage f coming from Calgary.

Mr. Pearson: Then he has to bow twice.

Mr. McIlraith: If we say much more we may embarrass the official, but I should think all hon. members would wish me to acknowledge his presence here this morning and say how very much the department is to be congratulated on his appointment. I hope the minister will see fit to give us a little information about the new associate deputy minister to be appointed, and whether or not that appointment involves any change in the organization of the department or any reorganization in the duties of the deputy minister.

Mr. Churchill: On behalf of the deputy minister, who has not the privilege of speaking in this house, I think I should thank the hon. member for his kind remarks. The process of reorganization is going on, and the deputy minister is now engaged in drafting suggestions with regard to changes in the administrative set-up of the department which, he tells me, have been under consideration for a number of years, though it has been a little difficult to make the changes until now. In due course the house will be informed of the administrative alterations within the department. It is a growing department, and the importance of trade as a major factor as far as Canada is concerned is becoming increasingly realized. With a developing department some realignment of the divisions within the department is necessary. That is the type of reorganization which is being considered.

Mr. McIlraith: On the question of the numbers of personnel in the department, as I read the figures there was an increase in 1957 and I take it that a further increase is being projected for 1958. Can the minister tell us in a general way what the proposed increase in personnel will amount to, and the reasons for the increase?

Mr. Churchill: Are you asking with regard to the department as a whole?

Mr. McIlraith: The department as a whole; the department proper, at this stage. It starts on page 413 of the estimates, and it seems that there is an increase throughout the department as a whole starting with the item concerning departmental administration.

Mr. Churchill: Departmental administration—this is a very modest increase of only six people. The trade commissioner service shows, again, a modest increase of 15. The largest increase occurs in the bureau of statistics, where the increase is 24. There is a slight increase in the inspection service, which comes under the standards branch, and another seven on the board of grain commissioners. There has not been a very large increase in the numbers of employees considered as a whole.

Mr. McIlraith: In his annual report to parliament at page 89 the minister, in his figures, shows 1,367 employees for the department proper in 1957 excluding the board of grain commissioners, the Canadian government elevators and the dominion bureau of statistics, or 4,087 including those latter three. That represented an increase over 1956. There was a further increase in 1957-58. Is the minister in a position to give me the totals projected for this fiscal year?

Mr. Churchill: We will assemble those totals. The actual figure for 1957-58 as shown in the report was 4,087 and the employees for 1958-59, as shown in the summary, number 4,159. That is inclusive of the dominion bureau of statistics and the board of grain commissioners.

Mr. McIlraith: I take it, as I read the estimates and the figures just given by the minister, that there does not seem to be any evidence of wasteful extravagance about which we heard so much in past years, and I should like to ask the minister directly if he has found any waste and extravagance in the administration of the department.

Mr. Churchill: During the last year to my knowledge there has been no waste and extravagance. If there was any in years gone by my hon. friend perhaps has more knowledge of that than I have.

Mr. McIlraith: That was not my question, Mr. Chairman. When the minister comes before the house this year with slightly increased estimates and a slightly increased number of personnel in the department, it

seems to me that we are entitled to a reply to this question. There were many charges made when the former government was in office that there had been waste and extravagance in the department. I do not think this was true, and I believe the estimates the minister is now submitting to the house for its approval indicate that there has been none. However, I should like him to say directly whether or not he has found any evidence of waste and extravagance and, if so, just what waste and extravagance he did find.

Mr. Churchill: Mr. Chairman, I am reporting for the last 12 months. I said that during the last 12 months I had not discovered any evidence of waste and extravagance. My hon. friend is talking about years prior to that. I have not looked back to discover whether or not there was waste and extravagance in the preceding years.

Mr. Pearson: Mr. Chairman, I take it then that we can assume, that, as the minister is spending more money and has a somewhat larger staff, that he does not consider that any waste and extravagance took place last year and that therefore there was not any waste and extravagance before?

Mr. Churchill: I do not know if that would hold up under logic or not.

Mr. McIlraith: I think it will, Mr. Chairman. I regard this as an extremely important department in the government service. I have a high opinion of its personnel and the general organization of the department. I do not believe that any charge to the effect that there was waste and extravagance in its administration should be allowed to hang over it if the minister has not found any evidence to support that charge. That is as far as I seek to go. That was my purpose in asking the question.

I have another question I want to ask. On page 513 in the details of the departmental item there appears at about the middle of the page a reference to trade promotion at home and abroad. The vote for this year is $30,000. Last year it was $105,000. I wonder if the minister would explain to the house what that item covers, and explain the difference in the amount of the expenditure?

Mr. Churchill: Mr. Chairman, the difference between $30,000 and $105,000, which is $75,000, represents the sum which was put in the estimates for 1957-58 to cover the cost of the Canadian trade mission to the United Kingdom. That entire amount was not used up. The mission cost in the neighbourhood of $63,000.

Mr. McIlraith: That, then, is the cost of the trade mission to the United Kingdom last fall; is that correct?

Mr. Churchill: Yes.

Mr. McIlraith: What was the total expenditure for that trade mission to England?

Mr. Churchill: As I have just stated, $63,000.

Mr. McIlraith: And what is the proposed expenditure for this fiscal year?

Mr. Churchill: On trade promotion?

Mr. McIlraith: Yes.

Mr. Churchill: $30,000.

Mr. McIlraith: What is the particular promotion projected for the present fiscal year?

Mr. Churchill: That covers any trade missions which might be going abroad or official entertainment of visiting trade missions to this country.

Mr. McIlraith: As there is a substantial reduction it means there are no substantial missions projected for this fiscal year; is that correct?

Mr. Churchill: We are not thinking in terms of any missions during the coming year of the size of the one which visited the United Kingdom, although there may be smaller missions going abroad. As a matter of fact the expenditure of $105,000 shown there was enlarged by virtue of a supplementary estimate which came up later in the course of last year.

Mr. McIlraith: What I am getting at is this. Is there a projected reduction in these trade promotion missions abroad, leaving out the particular one to the United Kingdom last year? Is there a reduction in number? Is it the same? Is there an increase in number? Just what is the situation?

Mr. Churchill: In actual expenditure the $30,000 represents an increase of $7,000 over the actual expenditure in 1956-57. This has been a useful objective of the Department of Trade and Commerce. It was for that reason that we thought it wise to include the figure of $30,000 in order that we would have some freedom of manoeuvre with regard to sending missions abroad.

Mr. McIlraith: I think the item is a very important one, and I regard it as a very proper expenditure. I take it that there is no increase proposed in the number of trade missions going abroad?

Mr. Churchill: There will be certain missions going abroad, but at the moment we have nothing in mind of the size of the one that went to the United Kingdom which was, of course, unusual in its magnitude and representation.

Mr. Pearson: Mr. Chairman, would this item then cover a trade mission that might go to China? Is that one of the projected missions the minister has in mind?

Mr. Churchill: I think I said the other day that I had no definite plan to go to China myself or to send a trade mission there. There may be other parts of the world to which it would be better to send trade missions. But if something were done in regard to China by way of a trade mission it would come under that particular item.

Mr. Caron: Does the minister not think that in these days of recession the figures are a little too low? He should have missions going all over the world to try to promote trade. We in Canada produce much more than we can consume, and we are in need of external trade. The $30,000 does not appear to be enough to permit us to promote trade all over the world. I do not think we can trade only with the United Kingdom, but rather we should seek to promote trade with all the countries of the world.

Mr. Churchill: I am in complete agreement with my hon. friend. I have been discussing with the officials of the department a program of more active promotion abroad. Of course this item deals just with official delegations that might travel from Canada, but the trade commissioner service which is operating in so many countries of the world carries on from day to day an intensive campaign to promote Canada's trade. On the other hand, from experience in the past, from the experience I had last fall with the members of the wheat board and then with the trade mission to the United Kingdom, I see the immense value of making personal contacts of that nature, and I hope we will be able to arrange for several active trade missions to go to various parts of the world.

Mr. Caron: This is the year when we need it most. Winter will be coming along again, and if we do not do anything to try to sell our surpluses not only of wheat but of all commodities I think we will have a bad winter. We should do something right away, and if it is not in the main estimates or supplementary estimates where will it be?

Mr. Churchill: Supplementary estimates are presented normally during the course of the fiscal year.

Mr. Pickersgill: Perhaps this would be the right moment for me to ask the minister if he could give a specific answer to my question about the effort to get back into the fish market in Brazil.

Mr. Churchill: I was very much interested in the hon. member's remarks with regard to that matter yesterday. As he pointed out, Brazil has been our most important market for salt fish in the past. Through our trade commissioner in Brazil negotiations have been and are being carried on in an endeavour to re-establish Canada in that market. Following the hon. member's remarks, I intend to pursue the matter further. In fact it was raised in the course of the conversations we had with the representative groups who came to Ottawa some time ago to discuss all the problems of the Atlantic fisheries.

Mr. Pearson: There is an item on page 513 entitled "Publication of reports and materials" of $3,000 as opposed to $2,300 last year. Does this appropriation cover the publication of the "Economic Outlook for 1958"?

Mr. Churchill: This is to cover the publication of the annual report of the department.

Mr. Pearson: And no other reports?

Mr. Churchill: Just the annual report, of which 1,000 copies were produced in English and in French.

Mr. Pickersgill: Is the French copy available?

Mr. Churchill: It is in the hands of the queen's printer but has not yet come from the printing presses.

Mr. Martin (Essex East): May I ask the minister what the policy of the department is with regard to purchases by the government of Canada through other departments of government and from other countries? I presume the Department of Trade and Commerce is interested in the proper balancing of imports and exports, and to that extent it would seem to me that theoretically the department would have a responsibility in overseeing purchases by government departments from other countries. Is the minister in a position to give me a statement of policy? I have a matter that I believe is of some importance which I wish to deal with, but I want to make sure that I am not unfairly attaching it to the minister at this stage.

Mr. Churchill: This department, of course, is not a large purchasing department. If I understood the hon. member correctly he was asking whether or not the Department of Trade and Commerce had some liaison with other departments.

Mr. Martin (Essex East): May I make myself clear? I was not referring to purchases by this department. The Department of Defence Production, in answer to a question I asked some time ago, made a return showing large purchases of automobiles from Germany. It seems to me, and I know it does to many thousands of other people, that it is most unusual for a department of government to buy automobiles made in Germany at a time

when there is so much unemployment in the automobile industry in Canada. Does the minister regard it as within his functions to co-ordinate activities of that kind and suggest to government departments that they ought to see whether or not the same article could not be purchased just as economically in Canada; and even if not as economically in Canada, having in mind the economic situation and our unemployment problem, whether it should not be purchased in Canada in any event? In other words, does the minister regard it as within his functions to deal with that kind of problem?

Mr. Churchill: It is certainly not a primary responsibility of the Department of Trade and Commerce, but I can assure my hon. friend of my intense interest in the problem he has raised. From time to time I have mentioned to my colleagues that it is advisable to buy in Canada when that can be done. At the same time, the Department of Trade and Commerce keeps in mind the fact that our exports are dependent upon the purchasing power of importing countries. Trade is a two-way street. But my own feeling in the matter, of course, is that Canadian industry, if on a competitive basis with other industry, should receive first consideration.

Mr. Martin (Essex East): I thank the minister for indicating his interest in the problem. At a later date I propose to deal with this particular matter, but I suggest to him and to the government that at a time when there are thousands of men out of work in the automobile industry it would be very difficult for any government department to justify the purchase of automobiles for official use in Canada from manufacturing establishments in any other country.

Item agreed to.

392. Commodities services, including fees as detailed in the estimates, the expenditure for these not to exceed the amounts shown unless otherwise approved by Treasury Board, $862,368.

Mr. McIlraith: Would the minister explain exactly what this item covers, with particular reference to the second item listed in the details on page 513, "director, industrial development branch"? What are the duties of that branch? I would also refer to the discussion in the committee in the last two days on the general question of small business assistance.

Mr. Churchill: The industrial development branch is described on pages 55 and 56 of the annual report. I might mention at this point that the hon. member for Cartier indicated the other evening that nothing had been said with regard to firms that had established themselves in this country. On page 56 he and other members will be interested to note that a large number of firms, totalling 136, established manufacturing plants in Canada. The names of the more important ones are listed on that page. That is the type of activity, among other things, engaged in by the industrial development branch. That branch naturally comes into contact with business establishments throughout this country, both small and large. Is the hon. member now asking for a discussion of small businesses generally?

Mr. McIlraith: No, I was not. I note what is said about this branch in the annual report of the department. I have the impression that actually the branch does really more work than is outlined there, and has rendered some very useful service to business in the country, particularly to the smaller type businesses which do not have their own resources for dealing as they might wish with foreign corporations. The aspect of the branch's activities dealing with inquiries from foreign countries is quite good and quite accurately outlined in the report. However, I believe the branch has further activities which it performs very well in providing information to the smaller businesses in this country.

Mr. Churchill: This branch is active, as the hon. member says, and you will note that the report states that the number of Canadian businessmen seeking advice concerning present or proposed manufacturing operations has averaged over 600 yearly. Foreign business visitors during the same period have averaged 450 a year. The branch does publish a small pamphlet dealing with small businesses.

Mr. McIlraith: Yes, the "Small Business Manual". It is very good. Actually what I was seeking to obtain from the minister is this. For many years now this branch has done a great deal of useful work on behalf of small businesses in Canada. There is some reference, and I think you find it on page 57 of the report, to the "Small Business Manual", which is published. There are certain other activities that are carried on which I wanted to bring out for the benefit of the committee, because there seemed to be an impression in the house that there had been no administrative services rendered to small businesses through the department, whereas in fact there has been a very good service rendered over the years.

Item agreed to.

393. Trade commissioner service—administration and operation, $3,469,927.

Mr. McIlraith: I wonder if the minister would tell us, since we had no opportunity of discussing the estimates in detail last year,

what increases or decreases took place in the trade commissioner service last year, where those changes took place, and then the same information for this fiscal year. What changes have been made or are projected?

Mr. Churchill: Does the hon. member mean changes in personnel?

Mr. McIlraith: No; the number of countries in which we have trade commissioner service, the number of personnel in both the last fiscal year and this year, and any projected changes.

Mr. Churchill: The annual report, of course, on pages 106, 107, 108, 109 and 110, and so on, indicates the various trade services abroad and gives hon. members a picture of the general activities of the Department of Trade and Commerce in countries around the world. The following offices were opened during the year 1957-58: Accra, December 22, 1957; Colombo, April 8, 1957; Los Angeles, October 8, 1957; Vienna, April 20, 1957.

Mr. McIlraith: What was the last one?

Mr. Churchill: Vienna. No offices were closed during the year.

Mr. Pearson: I wonder if the minister could tell us which trade commissioner's office covers the U.S.S.R.?

Mr. Churchill: We have had no trade commissioner in Moscow. We have been working through the Department of External Affairs, through the officials attached to the embassy there. However, we are considering very seriously the appointment of a trade commissioner to that post because of the importance of trade relations with Russia. This matter is under consideration and in due course, when a decision has been reached, an announcement will be made.

Mr. Pearson: I notice that the trade commissioner's office in Sweden covers Finland as well as Sweden, and has for a good many years. I was just wondering whether, as a provisional measure, the government might not simply extend the territory of the trade commissioner in Sweden to cover the U.S.S.R. Pending a decision on making a permanent appointment to Moscow, if that is decided, he could make periodic visits to the U.S.S.R.

Mr. Churchill: This appears to be a useful suggestion which will be looked into immediately.

Mr. Pearson: May I ask the minister whether he feels that the arrangements for co-operation and co-ordination between the trade commissioner service and the external affairs service abroad are now satisfactory?

[Mr. McIlraith.]

Mr. Churchill: My own observations during visits to various countries abroad have been that the present arrangements are excellent. There is a very close liaison between the two departments and a very co-operative spirit shown. I am informed that this also prevails elsewhere than the countries which I visited. Generally the arrangements have been satisfactory.

Mr. Pearson: I am very glad to hear that, because it is of great importance that they should work together. The trade commissioner service is really just as much a branch of the foreign service as is the external affairs service and it is essential that they co-ordinate their activities. It is also useful to have, when it is feasible and desirable, an interchange between the two services. As the minister knows, over the years it has been possible to take officers from the trade commissioner service and transfer them to the external affairs service. Indeed, we have several former trade commissioners as the heads of diplomatic missions, who are doing as good work in those posts as they did as trade commissioners.

Mr. McIlraith: Has the minister readily available the number of countries in which we have trade commissioners, and the number of posts?

Mr. Churchill: Trade commissioners on duty abroad number 47; on duty in Canada, 16; assistant trade commissioners on duty abroad, 28; assistant trade commissioners in training, 7. Then the number of posts; trade commissioners and assistant trade commissioners attached to diplomatic missions in 40 posts; trade commissioners and assistant trade commissioners at independent trade commissioner posts abroad, 18. This makes a total of 58 posts.

Mr. McIlraith: How many countries?

Mr. Churchill: I think it is 45 countries.

Item agreed to.

394. Acquisition or improvement of buildings, land, equipment and furnishings, $146,000.

Mr. McIlraith: Perhaps this would be a good opportunity for me to ask a question which is of some interest to me but which is not immediately related to the item. I hope Mr. Chairman, that you will not notice that fact for the moment. It is simply this. Can the minister tell us when he expects to get into the new Trade and Commerce building?

Mr. Churchill: The earlier the better. October 1 is now the date which has been set.

Mr. McIlraith: I am sure the minister will look forward with great pleasure to that event.

Mr. Churchill: I surely will.

Mr. McIlraith: I had some small participation in laying the cornerstone of the building, and I know we were very much pleased with the idea of getting a good substantial permanent building for the department.

Mr. Brooks: As his landlord, I will welcome the minister in the building.

Item agreed to.

396. Economics Branch, $274,021.

Mr. McIlraith: I have some questions that I want to ask on this item with respect to matters about which I am not quite clear. It will be noted that the item appears here to be substantially the same, but in the annual report of the department there is a reference to an energy studies branch which appears to be a separate branch taken out of the economics branch. In other words, work on energy studies had been done in the economics branch in the past and now a new branch has been set up. It was created during the last year. However, in the estimates of the economics branch there does not seem to be any reduction that would naturally be expected to flow from that change. I wonder whether the minister could just clarify for us exactly what has been done as to the economics branch and this new energy studies branch, or what change is involved in making the energy studies branch a separate branch instead of part of the economics branch as it was previously.

Mr. Churchill: Mr. Fraser of the economics branch was detached with eight assistants to set up this energy studies branch. It is a small branch within the department, but it seemed advisable, in view of the importance now being attached to energy studies, to have this smaller branch set up separate from the economics branch.

Mr. McIlraith: In the estimates as they stand there is just the item "economics branch". Where is the estimate for the energy studies branch?

Mr. Churchill: The energy studies branch has not been separated in so far as the estimates are concerned. It is still included under the expenditure for the economics branch.

Mr. McIlraith: Is there any substantial change in the work of the energy studies branch from that which was done when it was in the other branch? They did very good work years ago.

Mr. Churchill: I think the same type of work is being carried on, but it is now concentrated in a small group which is working together.

Mr. Pearson: Is the energy studies branch making any examination into the possibility of the setting up of a national energy board and how it would be done?

Mr. Churchill: I think we are waiting for the report of the royal commission before dealing with that particular topic.

Mr. Benidickson: I notice that this branch is in charge of export permits for natural gas. Does it similarly advise the minister with respect to export permits for electricity and other types of energy? I note that the hon. member for Laurier is not here at the moment. He asked last night some questions with respect to the export permit for electricity. I did not know whether or not this was the appropriate item under which to deal with the matter.

Mr. Churchill: The standards branch issues the export licences. Perhaps I might give the answer to the questions asked by the hon. member for Laurier. He was inquiring as to any increase in the export of electrical power. The answer is that there has been an increase as between the year 1956-57 and the year 1957-58 of 6,500 kilowatts supplied by the Fraser Companies of Edmundston, New Brunswick by way of an interchange with its American subsidiary at Madawaska, Maine. Then there has been an increase of 19,970 kilowatts supplied by the New Brunswick Electric Power Commission on interchange with the Maine Public Service Commission. The power exported from the New Brunswick Electric Power Commission's grid is generated at Musquash, Tobique Narrow, Beechwood, Milltown, Grand Lake, Chatham and Saint John. With regard to the same power commission, there has been an increase requested of 700 kilowatts. The reason I gave the commission's grid is that the question was asked as to whether there had been an increase in the export of power from Beechwood, but Beechwood is combined with the entire grid.

Mr. Benidickson: What was the increase over the year from the grid?

Mr. Churchill: The increase was 19,970 kilowatts and recently an additional increase of 700 kilowatts. Then finally there has been an increase in the export of electrical power by the British Columbia Power Commission, Victoria, British Columbia of 10,000 kilowatts, on interchange with the Bonneville power administration.

I think the hon. member asked another question as to Massena. Massena export is licensed to Cedar Rapids Transmission Company at a rate of 75,000 kilowatts. The original licence was authorized in 1912. No application has been received to date from

the Ontario Hydro-Electric Power Commission for any power generated on the St. Lawrence seaway.

Mr. Pickersgill: Is the export from New Brunswick on interchange, as are the others, or is this a net export?

Mr. Churchill: On interchange with the Maine Public Service Commission.

Mr. McIlraith: I wonder whether the minister could clear up the matter a little more for the record. The minister said the export increase was on an interchange basis. Does he mean that a corresponding amount of electricity was imported and that there is a corresponding import item?

Mr. Churchill: The terms of the agreement are that it is interchangeable. It does not necessarily follow that there was a corresponding exchange. However, the agreement provides for that.

Mr. McIlraith: I want to be a little clearer than that. Perhaps I am not understanding the minister as clearly as I should. Does this mean that there is a net increase in our export of electricity by the amount indicated by the minister?

Mr. Churchill: Yes, a net increase.

Mr. Pickersgill: Does this mean that, through Beechwood, we are now subsidizing exports to the United States?

Mr. Churchill: This is disposal of surplus power, and is interruptible.

Some hon. Members: One o'clock.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Van Horne: I should like to take this opportunity to tell the minister how pleased I am to see that these positive steps have been and are being taken to bring about an increase in trade. Certainly trade missions are steps in the right direction and the results obtained should do much to encourage further missions of this nature, not only to England but to other parts of the world. Trade has taken on a very significant aspect in the world since the Soviet union has launched its economic offensive against the west three years ago. Russia has been determined to capture and hold world markets by whatever means necessary and this is, in short, a formidable offensive against the west. Its success thus far, as sure as I am standing here, is one of the main underlying causes of the present recession—

[Mr. Chevrier.]

The Chairman: Order. I regret to interrupt the hon. member but we are at present discussing item No. 396 which deals with the economics branch and I believe the hon. member is straying a little way from that item.

Mr. Van Horne: I was coming to that, Mr. Chairman, and my words were by way of introductory remarks. I shall refrain from saying anything further at this time.

Mr. Pearson: Could I ask the minister whether this is the appropriation which would cover the publication of the economic study for 1958?

Mr. Churchill: Yes, that is right.

Mr. McIlraith: I would like to be clear on just one point. Is the minister now willing to table the report prepared on the Canadian economic outlook for the year 1958?

Mr. Churchill: No, that was not in my mind.

Mr. McIlraith: Then I would like to draw to the attention of the minister what was said on this subject by the Prime Minister when he was making a very strong attack upon the opposition as recorded on page 3527 of *Hansard* for January 20, 1958.

Mr. Churchill: That was during the last parliament?

Mr. McIlraith: Yes. The minister will see that the Prime Minister, among other things, was making accusations against the former administration. It will be recalled that the house rose on April 12, 1957, and the Prime Minister accused the opposition of not having tabled this document—presumably before April 12—and of not having published it before June 10, 1957. This is the kind of language he used in his accusation:

> —for political purposes, having concealed this document—

And:

> —have the effrontery to pretend—

And so on. I just want to draw to the attention of the minister the strength and violence of the language used by the Prime Minister in his criticism of the former government for not having published a document prepared in March 1957 prior to June 10. The minister will appreciate that we have now reached July 19 but have still not had this year's document tabled, and I would like to ask him if he does not consider the government should be consistent in this matter?

Mr. Churchill: I do not think the hon. member should look for consistency as between one government and another.

Some hon. Members: Oh, oh.

Mr. McIlraith: I think my question is quite fair. The Prime Minister outlined the policy with respect to the publishing of these documents and he did so in a rather forceful manner. I would think that since we are dealing with the same government the minister should follow the same policy in order to be consistent.

Mr. Martin (Essex East): I have some remarks to make, Mr. Chairman, but if the minister wishes to comment on the comment of the hon. member for Ottawa West I would be very glad to wait.

Mr. Churchill: I would be very glad if the hon. gentleman would continue.

Mr. Martin (Essex East): On the same point, Mr. Chairman, the minister has made an observation which is rather difficult to understand. He inferred that the hon. member for Ottawa West was speaking of consistency between this government and the preceding government.

Mr. Churchill: The Liberal government.

Mr. Martin (Essex East): Yes, and the Liberal government. That clearly shows that the Minister of Trade and Commerce, quite understandably on a Saturday afternoon, has not followed the observations of the hon. member for Ottawa West because that hon. gentleman was not referring to any act which might be considered consistent or inconsistent as between two governments of different political complexions. What he was referring to was the statement made by the man who is now the head of the present government and who was also the head of the government in the month of January last, and the question is as to the inconsistency between the observations of members of two governments of which the same right hon. gentleman was and is the head. That is the question before the Minister of Trade and Commerce and no furrowing of the eyebrows of the minister should suggest that it is a difficult one to follow, because it is not. The fact is, as the hon. member for Ottawa West pointed out, that rising in his place in the month of January last, the present Prime Minister in the course of a speech he was making in answer to a question put by the present Leader of the Opposition accused the previous administration of withholding a report which he later identified as one marked "Private and Confidential". This report, he implied, had it been revealed to the Canadian public would have been responsible for the previous administration receiving at the hands of the people a much more severe form of censure than was, the Prime Minister said, administered to it in the month of June 1957. The previous government, it was said, had failed to reveal to the Canadian people important facts which they were entitled to have, facts which revealed the state of the economy and developing situation.

We all remember that day in the house when the Prime Minister rose and attacked the Leader of the Opposition and those of us on this side of the house for having withheld this document. He spoke about it for almost an hour. Then he went all over the country stating that the previous administration had withheld from the people of Canada and from parliament a document whose contents they were entitled to know. The Minister of Trade and Commerce well remembers that.

The question now is: why is this present parliament not given the opportunity of knowing the contents of the same report for the present year? If it was right for the present Prime Minister to criticize the previous administration for withholding that document, is it not right for those of us on this side of the house to ask the Prime Minister to treat that document in 1958 in exactly the same way as, in the month of January, he thought the Canadian people and the Canadian parliament should have been treated with regard to it in 1957?

That is the point, and either the Prime Minister was entirely wrong in what he said in January with regard to the economic survey of 1957, or the position now taken by the government is inconsistent with the position the Prime Minister took in regard to that document in January last. Why should the economic survey prepared in the minister's department and paid for out of his estimates not be given to this house now? Can the minister explain that?

Mr. Churchill: I thought that yesterday the Leader of the Opposition and I had buried this report, but apparently not. The Prime Minister will read *Hansard* with interest with regard to the comments which have been made, and I will convey to him personally some of the emphasis, vigour and emotional fervour that has been put into those comments by hon. gentlemen opposite.

In order to be consistent, I think that in view of the fact that the 1957 report was not made available to the opposition of that time, the 1958 report should, similarly, not be produced at this time.

Some hon. Members: Oh.

Mr. Churchill: If hon. gentlemen opposite are asking for consistency, the practice followed by the Liberal administration was not to make this report public, and since the opposition is now asking for consistency we take exactly the same stand. In fact, this

question has been answered in the house on several occasions by the Prime Minister as well as by myself. This document, and other documents of a similar nature, are confidential departmental paper for the use of officials and ministers in departments. The practice of the former Liberal administration—

Mr. Benidickson: Was correct, then.

Mr. Churchill: —was not to make this public, and we are simply following along those lines.

Mr. Pearson: I must not let pass the suggestion of the minister that he and I had agreed last evening that this matter should be buried. He buried it, and I was not able to disinter it at that time. But we have another opportunity, because this is the item in the estimates which covers the publication of reports of this kind. As my hon. friend from Essex East has said, we remember so well that scene on January 20 when the Prime Minister, his voice shaking with party indignation and quivering with contrived emotion, attacked us because we did not produce this report in the spring of 1957. Therefore the remarks the minister has just made are extremely interesting because he has repudiated the attack made by his leader, the Prime Minister. He has accepted our position and agreed that this kind of report should not be made public. He does not intend to make it public in 1958, as we did not make it public in 1957.

Mr. Churchill: Mr. Chairman, there is no repudiation whatsoever of the speech of the Prime Minister. I think he was right. I listened with interest to his remarks last January, and the quivering was all on the other side of the house. I am not at this stage saying that the report will not see the light of day, but I do say it will not be published at this particular moment.

Mr. Pearson: If the minister now says that the Prime Minister was correct when he attacked us last January for not making this report public in the spring of 1957, and if he accepts the Prime Minister's position, then he is wrong in refusing to make this report public at this time. He must be consistent in this matter or repudiate the statement made by his Prime Minister, and I wish he would let us know which line he really intends to follow.

Mr. Churchill: I will clarify the hon. gentleman's mind with regard to the matter. I will continue to support the Prime Minister.

Mr. Martin (Essex East): Well, Mr. Chairman, as the Leader of the Opposition has pointed out, far from being buried this question is now being projected forward in proper perspective. The Leader of the Opposition has asked a perfectly legitimate question in the face of the statements made and the position taken by the Prime Minister in January of this year with regard to the economic survey for 1957. The Minister of Trade and Commerce for whom this report was prepared must tell the house by implication or by words whether the position now taken by the government is the correct position to take or whether the position taken by the Prime Minister in January is the correct position for the government to adopt in this matter. The minister must remember that this economic survey reached him first. It reached him as Minister of Trade and Commerce before it reached any of his colleagues. Presumably he saw this report before the Prime Minister or any other member of the present administration. Did he, when he saw it, or later, bear in mind the words of the present Prime Minister, who is reported at page 3528 of *Hansard* for 1957-58, volume 4, as having said:

> Why did hon. members opposite, in the idealistic vein of the Leader of the Opposition, not reveal these facts?

He was referring to facts which had been gleaned from the report.

> Why did they not act on them, even if they did not think fit to reveal them?

Some hon. Members: Hear, hear.

Mr. Martin (Essex East): I am glad hon. members on the government side are applauding that statement.

> Why did hon. gentlemen, opposite in the idealistic voice of the Leader of the Opposition not reveal these facts—

An hon. Member: And act on them.

Mr. Martin (Essex East): The hon. member for Renfrew South said: "Hear, hear". He is one of those who along with so many others heard the present Prime Minister in the election of this very year tell the people that one of the reasons why our party should not be returned was because it had concealed facts to which they were entitled as Canadian citizens.

And now hon. gentlemen reaffirm this. The hon. member for Renfrew South nods his head. Apparently he agrees with me. If that is the case why does he not rise in his place now and ask the Minister of Trade and Commerce to do exactly what the Prime Minister asked us to do, reveal these facts?

Mr. Baskin: You did not do it.

Mr. Benidickson: They are trained seals now.

Mr. Martin (Essex East): If the Minister of Trade and Commerce fails to lay on the table the economic survey of 1958 that is

a clear vindication of the position taken by the previous administration. It shows the extent to which the right hon. gentleman and hon. gentlemen opposite are prepared to go during the course of an election in urging on the people the acceptance of certain positions which within three months of that election they reverse.

Mr. Benidickson: Shame.

Mr. Martin (Essex East): That is the situation. The Prime Minister was speaking in the city of Saint John, New Brunswick when he said there that as far as the government of which he is the head is concerned it would take the Canadian people into its confidence on every measure in which it felt it was prudent at the time so to do and that this kind of information was the kind of information about which the previous administration should have advised the Canadian people.

Mr. Benidickson: Somersaulting.

Mr. Montgomery: Tell the truth.

Mr. Martin (Essex East): My hon. friend says, "Tell the truth". Let the truth come out now with respect to this same document. Let us know if there is going to be a continued state of unemployment. Let us know what are the prognostications of the government's advisers for the future. Hon. gentlemen opposite who made a great point on the eve of the last general election in the attack made on my leader will find that in the judgment of the Canadian people the attack was not justified. They will discover that in the minds of the Canadian people the attack was not a fair and valid one in the face of the reluctant and anaemic reply to which this committee has been treated by the present Minister of Trade and Commerce.

Mr. Montgomery: Mr. Chairman—

Some hon. Members: Oh, oh.

Mr. Montgomery: Mr. Chairman—

Mr. Benidickson: You said that.

Mr. Montgomery: Mr. Chairman, I should just like to say one word at this time. I was one of those who took part in the last election and I happen to be one of those who was elected.

Mr. Gour: That is too bad.

Mr. Montgomery: Mr. Chairman, my hon. friend who just sat down is misconstruing the argument used by at least some of us in the last election. I should like to make it clear that what we condemn was not that the report was not revealed, but the report was made to the cabinet and the cabinet should have acted upon it—at least, I am speaking for myself—

Mr. Habel: You had better.

Mr. Montgomery: I cannot say what may have been said in other places by other hon. members. But I do not want to be accused by the hon. member for Essex East of being one of those who in the last election condemned the previous government for failing to reveal the report because in my opinion—and it always has been my opinion—it was a report to the cabinet.

Mr. Benidickson: You called it a hidden report.

Mr. Montgomery: What we condemn is the fact that the previous administration did not act on the facts and information contained in that report and they did not use the right judgment when they did act on the information. I think the hon. member is trying to twist that argument. I do not know if he intended to do that or not. He may have some justification for saying what he did on the basis of comments that were reported to have been made in some places but not by me in my territory.

Mr. Pearson: Mr. Chairman, I do not think we need pay very much attention to the singularly unimpressive argument which has just been made because the Prime Minister himself answered that argument in the statement he made in this house, excerpts from which have already been read. He also answered it by going around the country calling this a hidden report—

An hon. Member: It was.

Mr. Pearson: If he gave it that name he was criticizing the government of that time because it did not produce it publicly; otherwise, why call it a hidden report? There is no point to the argument raised by the hon. member for Victoria-Carleton and his argument has been met by the Prime Minister in the words that he used.

The report for 1958 has now been printed. Presumably it deals with the economic situation that obtains at the present time. Presumably it also deals with highly important matters such as employment and unemployment trends, the cost of living, gross national product estimates and questions of that nature. We are asking the Minister of Trade and Commerce to make this report public because of its importance and interest to this house and to the country. We have the right to do that because the Prime Minister himself attacked us so bitterly in accusing us of not making a similar report public a year ago. At that time he said—certainly by inference if not in words—that he would take a different course if he were in power. Well, he is now in power. The Minister of Trade and Commerce said that he is prepared to follow the

course advocated by the Prime Minister, that he does not disagree with the stand taken by the Prime Minister. All right, let him follow that course and either make the report public or else publicly repudiate the argument of the Prime Minister at this time.

Mr. Churchill: Mr. Chairman, in replying to a question on this subject some time ago I believe the Prime Minister said that the report for 1958 would be made available in 1959.

Some hon. Members: Oh, oh.

Mr. McIlraith: Mr. Chairman, I think we must express some amazement at hearing the hon. member for Victoria-Carleton so neatly repudiate the Prime Minister. I want to recall to the committee that the Prime Minister's accusation against the former administration was that for political purposes it concealed the document. I want to bring out the dates. The date of the document is March 1957. They are prepared in March of each year. The date of the election, as the supporters of the government are so wont to remind us, was June 10, 1957. The former government went out of office on June 21, 1957. The attack of the Prime Minister was that the Liberal administration prior to June 21, 1957, had not published that document in the same year as that of its publication.

Mr. Benidickson: Hidden, hidden.

Mr. McIlraith: If that is so, how can the Minister of Trade and Commerce claim to be consistent and do other than repudiate his Prime Minister if he now takes the position that on July 19, 1958, he is unwilling to table the corresponding report prepared in March of 1958? Surely his position is that he must either table the document in accordance with the policy announced by his Prime Minister or repudiate and change that policy. Of course, a change in the policy involves the repudiation of the stand taken by the Prime Minister.

Mr. Baldwin: Mr. Chairman, I read *Hansard* for the date in question, January 20, 1958, last evening and again today. I suggest that what was said on that occasion is open to no other reasonable interpretation than that it was in substance a charge that the previous government having full knowledge of certain facts failed to act upon them. The use of the words "hidden" or "concealed" was simply the use of these words as adjectives and the charge contained no suggestion that the report should have been made public.

Mr. Robichaud: You had better read it again.

Mr. Baldwin: I am just about to do that.

[Mr. Pearson.]

Mr. Deschatelets: You are in a jam and you know it.

Mr. Baldwin: On page 3527 of *Hansard* for January 20, 1958, there is the following:

> What action did the government take with regard to any of these matters? Parliament was sitting. But they did nothing during the session to bring about changes in legislation to meet the situation of which they had been warned.

That was the pith and substance of the entire speech made at that time. To carry on, on page 3528—

Mr. McIlraith: Just before the hon. member leaves that page—

Some hon. Members: Sit down.

Mr. Baldwin: I am just about finished.

Mr. McIlraith: —would the hon. member permit a question?

Some hon. Members: Order.

The Chairman: The hon. member for Peace River has the floor. Will he permit a question by the hon. member for Ottawa West?

Mr. Baldwin: I am just about finished and after that I will permit a question. On page 3528 carrying on from where the hon. member for Essex East left off, there is the following:

> Why did they not act on them, even if they did not think fit to reveal them?

And again:

> Why did they not act when the house was sitting in January, February, March and April?

This, Mr. Chairman, is the essence of the charges that were the subject of that speech.

Mr. McIlraith: Will the hon. member now permit my question? He quoted from page 3527 and I would ask him to tell me what meaning he gives to these words of the Prime Minister who was referring to the opposition: "And now, for political purposes, having concealed this document." The hon. member will remember that the Prime Minister was doing a great deal of waving of the document in his hand at the time. Would he explain to us what the Prime Minister meant by those words?

Mr. Baldwin: A number of accusations had been made against the previous government but the major one was the failure to act on this information. The other was subsidiary. I imagine that is probably the explanation.

The Chairman: Shall the resolution carry?

Mr. Martin (Essex East): No. We cannot let the impression stand which has been created by the hon. member who has just spoken and, if I may say so, spoken very well. He has proved to be an excellent advocate. I understand that he is a lawyer

and I am sure he has had considerable training in the advocacy of bad causes. The case for which he has now taken a brief is obviously in that category. But in the very words my hon. friend has quoted therein lies the judgment we are making against the administration—"which the government of the day did not see fit to reveal." Those words, in addition to the words quoted by the hon. member for Ottawa West a few moments ago, clearly indicate that the Prime Minister was seeking to impart to the Canadian people that the previous administration had failed to reveal certain facts notwithstanding, as he himself said, that they were in a report marked "secret" and "confidential" and which he characterized as a hidden report. If that is not enough, if the words which my hon. friend himself has quoted are not sufficient, let me remind him again of the words referred to by the hon. member of Ottawa West.

> We were on the slide, really on the slide, when they left power on June 21, and now, for political purposes, having concealed this document, they have the effrontery to pretend to the Canadian people—

And so on. "Having concealed this document"—those words, applying the ordinary rules of interpretation, clearly mean, as the hon. gentleman who has just spoken knows, but one thing, that is, that the previous administration had deliberately withheld from the Canadian people certain information. That is the charge. That was the charge made by the Prime Minister on January 20 last and we are saying now that no method of advocacy by anyone sitting opposite can change the implication of the literal meaning of those words. We are now charging that those who laid this indictment against the former administration stand condemned by their own very words, and we are asking them now to live up to the indictment they made against us—

Mr. Benidickson: They were not sincere.

Mr. Martin (Essex East): —and to establish clearly to the Canadian people that in the making of that charge they were sincere. If the government today, through the Minister of Trade and Commerce, refuses to accede to the request made on this side, then the judgment of the house can only be one thing, that the Prime Minister and his colleagues were not sincere when they made this charge on January 20 last.

Mr. Churchill: Mr. Chairman, I think it is essential at this point to put the record straight.

An hon. Member: You cannot.

Mr. Churchill: On June 18, 1958 a motion appeared on the order paper for the production of a copy of "The Canadian Economic Outlook for 1958" as prepared by the Department of Trade and Commerce. The motion was proposed by the hon. member for Bonavista-Twillingate. The Prime Minister replied, as found at page 1391 of *Hansard*:

> Mr. Speaker, the government finds it necessary to oppose this motion on the ground that "The Canadian Economic Outlook for 1958" is a confidential document.

He went on to say later:

> —we will produce it immediately after this year ends. It is a current report, publication of which would be detrimental until January, 1959.

In the course of the discussion on that occasion the hon. member for Bonavista-Twillingate, in accordance with the rule which permits same, asked that his motion be set down as a notice of motion for debate. In routine proceedings and orders of the day for Saturday, July 19 you will find listed on page 16 under "Notices of Motion" No. 46 which is in these words:

> June 18—Mr. Pickersgill—That an order of the house to issue for a copy of "The Canadian Economic Outlook for 1958" as prepared by the Department of Trade and Commerce.

Obviously the house is seized of a notice of motion providing for a debate on this subject. I submit, sir, that we are out of order now—

Mr. Benidickson: Closure.

Mr. Churchill: —in discussing the production of "The Canadian Economic Outlook for 1958", to which in any case a sufficient answer was given by the Prime Minister on June 18 of this year.

Mr. Pearson: On the point of order, Mr. Chairman, of course we are not out of order in discussing this report in connection with the appropriation for the economic branch of the Department of Trade and Commerce on these estimates. It is obvious that we can discuss this on the estimates irrespective of what may be on the order paper in some other capacity. There is no doubt about that. The minister's remarks have been extremely interesting. The action taken by the Prime Minister last year has accomplished its purpose. Let us forget about it. The minister has said that the Prime Minister has already replied to this point in connection with the economic report for 1958 by saying that it should not be produced until January, 1959. If this is the right stand to take with regard to the economic report for 1958, I ask the minister if he will not agree that the right stand for any government to have taken with regard to the economic report for 1957 would have been to produce it in January, 1958. If that is true, what justification of any kind is there for the attack of the Prime Minister on the previous

government because, as the Prime Minister said, they concealed it in the spring of 1957?

Mr. Churchill: Mr. Chairman, I find it difficult to relate these statements and this suggestion for a decision on my part as to what was said a year ago to the estimates of the Department of Trade and Commerce for the present year.

Mr. McIlraith: Perhaps we can help the minister a little bit. If he means that he cannot relate the things that were said by the Prime Minister before the election to those said on June 18 after the election, then there will be many people in this country who will have sufficient regard for our system to regret that he takes that stand.

Mr. Churchill: I cannot relate it to the estimates of this year.

Mr. McIlraith: We will relate it directly to the estimates of this year. What is before us now is a vote to provide, among other things, for the publishing of an economic report for the benefit of the government by this department. Last session, on January 20, the Prime Minister took a stand on the issue in very sharp terms, and in very picturesque speech. There are some other adjectives I could use—

Mr. Churchill: One of the best speeches ever made in the house.

Mr. McIlraith: The Minister of Trade and Commerce describes it as the best speech the Prime Minister ever made in the house.

Some hon. Members: Oh, oh.

Mr. McIlraith: Hon. members opposite applaud that. It was a very theatrical speech. The Prime Minister had a document in his hand which he waved about a great deal during the course of his speech, and that document was the report about which we are now speaking, the report for the year 1957.

As a matter of fact it may be rather interesting to hon. members opposite, who may not know, that when the Prime Minister spoke about the document, at that time, it had a substantial part of the blue cover still on it. The cover was torn off before it was brought into the house. At what point it was torn off, I do not know. However, I noted at the time the part of the blue cover, which he seemed to know nothing about, was there while he was waving the document with such a theatrical wave.

Mr. Cardiff: Did the hon. gentleman say it was torn off by him?

Mr. McIlraith: No, I was very careful not to say that. I could not prove that. I leave it to the hon. member for Huron to draw his own conclusions. The Prime Minister is now coming in, so for his benefit I shall repeat what the Minister of Trade and Commerce said. He said the Prime Minister had made the best speech he has ever made in the house. I was referring to this document, and I said he waved it about a good deal. I have described the piece of blue cover that was on it while he was waving it. He took the position, and was severely critical—

Mr. Diefenbaker: What are these straw men?

Mr. McIlraith: He says now, what are these straw men? I do not regard this as a straw man.

He accused the opposition, for political purposes, of having concealed this document, of having failed to publish it before June 21, 1957. The Minister of Trade and Commerce says this year's report cannot be tabled; that it is not proper to table it now. He is now changing the policy as announced by his Prime Minister in refusing to table it now. I respectfully suggest, Mr. Chairman, that it is of very real interest if the Prime Minister can take that stand, and then follow it up by making references across this country to what he called the hidden report. Then having received the acclaim of the voters of this country, and their support in a very large measure which I must admit, having taken that position, his Minister of Trade and Commerce now takes a directly opposite position about the publishing of this year's report. It is a matter of some significance that the voters of this country should be treated in that way by the government. It is not a straw man, as the Prime Minister would lead us to believe. I would ask the Minister of Trade and Commerce, therefore, if he does not agree that this is a change in policy on the part of the government a repudiation of the policy as announced by his Prime Minister on January 20, 1958.

Mr. Churchill: I reiterate. I am not repudiating the stand taken by the Prime Minister. In fact, I set the record straight by reading out what the Prime Minister said on June 18 of this year. I subscribed to that stand with regard to the economic report for 1958.

Mr. McIlraith: Would the minister, then, just explain to us how he reconciles the difference between the stand taken on June 18, and the stand taken on January 20?

Mr. Bigg: The circumstances are not the same.

Mr. McIlraith: Perhaps I could deal with the interjection.

Mr. Bigg: I say the circumstances are not the same.

Mr. Robichaud: No election.

Mr. Bigg: No, that is not the point.

The Chairman: Order; the hon. member for Ottawa West has the floor.

Mr. McIlraith: The hon. member for Athabasca says that the circumstances are not the same, and that is quite right. The whole point is that the circumstances are not the same. The Prime Minister was speaking on January 20 before an election on March 31. The election was held, and then on June 18 he was in office and the election was over so he was repudiating the position taken on January 20.

Mr. Herridge: Recently I have been wondering why the Prime Minister arrives in the house so often at the appropriate time. I have just discovered the reason. I had to send to the reading room for today's issue of the *Journal* because there were none in circulation, and I have just read an article by Richard Jackson entitled "Hill Talk". It says:

> Prime Minister Diefenbaker has had his centre block office wired for sound.
>
> House of Commons sound.
>
> He's done what every parliamentarian has dreamed of doing since electronics were invented . . . arranged things so that he may work in his office and still keep up-to-the-last word track of what is going on in the commons.

I can scarcely credit that being done with consent of the house, Mr. Chairman, but I should like the Prime Minister to inform the house if this report is correct.

The Chairman: The question asked by the hon. member for Kootenay West might be very interesting, but it is not relevant to the item under discussion.

Mr. Pearson: Surely the hon. member has raised a very important question of privilege. He has quoted a newspaper article to the effect that, in some way, without the knowledge of the house or without consultation with or consent of the house or any of its officers, somebody has done something to wire the house to the Prime Minister's office so that the Prime Minister can follow what is going on here by an electronic method. This is the first I have heard about it, but it is a very important question of privilege which should be decided.

The Chairman: I must bring to the attention of the Leader of the Opposition that the member for Kootenay West did not raise this matter as a question of privilege. I believe also that this question should be taken up when the Speaker is in the chair.

Mr. Herridge: I shall turn it into a question of privilege, and ask the Prime Minister if this report is correct.

Mr. McIlraith: Mr. Chairman, it is a rather serious matter if the equipment recording the proceedings in this house have been tapped without the consent of the house. I am in some doubt as to whether the chairman can deal with it, but it is a very serious matter.

The Chairman: I must remind hon. members that at the moment the only item that can be discussed is vote 396, which deals with matters about which hon. members know.

Mr. Caron: A question of privilege can be raised at any time in the committee.

The Chairman: Yes, a question of privilege can be raised in the committee. But the hon. member for Kootenay West did not bring it forward as a question of privilege.

Mr. Herridge: Mr. Chairman, when I found out I had not brought it forward in the proper manner I changed it to a question of privilege and I think that stands.

Mr. McIlraith: If it is a question of privilege, it is a rather serious thing and I would hope that the Prime Minister would see fit to deal with it because—

Mr. Diefenbaker: Mr. Chairman—

Mr. McIlraith: I have the floor.

Mr. Habel: The rights of parliament!

Mr. Caron: Hitler.

Mr. Diefenbaker: The hon. member who is speaking—

Mr. Habel: We have not got dictatorship yet.

Mr. Harkness: You have no question of privilege.

The Chairman: Order. I will ask hon. members kindly to permit the hon. member who has the floor to carry on with his remarks. It is quite difficult to understand what the hon. member has to say with people all yelling at once. At the present time the hon. member for Ottawa West has the floor.

Mr. Diefenbaker: Mr. Chairman, if I could have the floor—

Some hon. Members: No.

Mr. Chevrier: The hon. member for Ottawa West has the floor.

The Chairman: Will the hon. member for Ottawa West relinquish the floor to the Prime Minister?

Mr. McIlraith: As soon as I have finished my remarks I will do so.

Mr. Diefenbaker: That indicates how serious the matter is.

Mr. McIlraith: Mr. Chairman, I was going to say that if this report is true, it is a serious matter affecting this house and the proceedings of this house.

Mr. Harkness: You have said that three times now. Don't be so repetitious.

Mr. McIlraith: It means that it is possible, once the wire is taken outside in that way, to have it wired or sent by long distance phone anywhere in the world, and to have anyone brought in for the purpose of listening. Where does the thing stop? Are our caucus rooms wired? Are our private telephones tapped or where does the matter stop?

The Chairman: I must once again remind hon. members—

Mr. Diefenbaker: Possibly I could speak to this matter now, Mr. Chairman. I realize that hon. gentlemen opposite have very little to talk about.

Some hon. Members: Oh, oh.

Mr. Habel: That is why you are always out of the house.

Mr. Diefenbaker: You do your best thinking when you are in the seated position, I would say to the hon. gentleman.

Mr. Habel: You are very kind.

Mr. Diefenbaker: Much has been made of this matter. The hon. gentleman who raised it did so very properly, may I say immediately, knowing the country whence he came and his regard for parliamentary institutions there. This is the course followed in the United Kingdom in order to permit the prime minister to have available to him, so that there will not be any loss of time through missing a portion of debate, what is happening in the house. This installation was made with the authority of the department in order to make available to myself in the last few days, in view of the serious nature of what is taking place, an opportunity that would otherwise be denied me because I cannot be in the house all the time. There is available, in my office—and there is no concealment whatever—whenever the debate is on a private loudspeaker which enables me to follow the debate to the end that I can be back at any moment that I am required. That is the practice that is followed in the United Kingdom—I do not know whether or not it has been followed by successive prime ministers but it is the practice there—in order to enable the prime minister to discharge two of his responsibilities, namely to carry out his responsibility to be in the house when required and at the same time to maintain the very serious duties that fall on him. In spite of all the agitated—I almost said synthetic—exaggeration on the part of those opposite, there is nothing whatsoever in the nature of disregard of parliament. It is a desire fully to regard parliament.

Some prime ministers have stayed in the house at all times and others have not done so. As I remember Mr. King, he used to leave the house quite regularly because of the impossibility of being here on all occasions. Realizing that I did not want to miss what was going on but wanted to have a realization of the debates, to the end that the contribution being made is always available to me, I have that device available in my office. In order that there may be no misunderstanding, I may say that it was installed just a couple of days ago in order to permit and enable me to carry on the two responsibilities, one the very heavy one at this time of being required to meet an international situation that those who have had the responsibility know of and at the same time not to disregard my duty to the House of Commons.

Mr. Pearson: Now that we are on this point, Mr. Chairman, may I say that it is quite obvious that something has happened—whatever the reasons may be for it—that is unprecedented in parliamentary history, something that has never happened before and something which I think is extremely important. Whatever the reasons may be for it, the result is that the proceedings of this house, as they are taking place, can now be heard outside of this house. That is a new development in our parliamentary traditions and in our parliamentary history; and I suggest that what has happened in the United Kingdom or in any other place has no particular bearing on the matter. I know, of course, that the Prime Minister has great responsibilities and that he cannot be in this house all the time. I know that this is a particularly difficult time for him. But I also know that his predecessor, Mr. St. Laurent, had great responsibilities. He was the head of a government in times of crisis and at that time there was no suggestion that in order to make the work a little bit easier and so that he could cover both the house and his office this should be done. I am also perfectly certain that if Mr. St. Laurent had wished it to be done, he would have taken this matter up in the House of Commons and informed the House of Commons of what was happening and perhaps have secured permission of the House of Commons so members would not be put in a position where they would read about such a change in the columns of a local newspaper. I suggest also, Mr. Chairman, that that is the way we should have been treated in this matter.

I remember very well indeed—and the Prime Minister must remember it also—that in one of the committees of this house a few years ago—it happened to be the committee on external affairs—in order to facilitate our work and in order to make it a little bit easier for the reporters and for the record of the committee to be circulated quickly, for one experimental meeting of the committee we introduced some electronic device into that room which would record what was said for reproduction and circulation. I remember that the leader of the Conservative party at that time rose in his place in this house and attacked the government of the day very vigorously indeed because of this breach of parliamentary privilege. As a result of the stand that he took at that time we ceased to use this electronic device.

If the Prime Minister feels that the time has come that he needs this kind of assistance in order to keep in touch with the house—and I am not expressing myself on that matter one way or the other at the present time—I think it would have been consistent with the privileges of this house for the Prime Minister who brought the matter up to have consulted the house and obtained permission of the house for himself and perhaps for some others who might also benefit by this kind of device.

Item agreed to.

397. International Trade Relations Branch, including a fee of $6,000 to the International Customs Tariffs Bureau, $204,248.

Mr. Van Horne: World trade relations have taken on a very significant aspect since the Soviet union launched its economic offensive against the west some three years ago. Russian determination to capture and hold world markets, by whatever means necessary, is nothing short of a formidable offensive against the west and its success thus far, as surely as I stand here, is one of the main underlying causes for the recession through which we are passing and from which we will have difficulty in emerging unless we do more than we are doing now.

While in Paris last fall I took the time to visit, for instance, two of the largest buyers of pulpwood in France to see if they could not resume the purchases of pulpwood from Canada which they had been making for many, many years. In each case I interviewed the president of the company and in each case I was accompanied by Mr. Robert Campbell Smith, our commercial attache in Paris. In each case the pattern was the same—these companies had in the past bought their pulpwood from Canada but had lately shifted their source of supply to Russia. Why? In each case the reason was because they got a better deal from Russia. Both presidents mentioned that the quality of the Russian wood was good, the contracts with Russia were carried out to the letter and no complaints arose about the quality or quantity involved, even though the French company did not send scalers to Russia to inspect the wood before shipment. Moreover, shipping dates were met on time, on the dates agreed upon, but in spite of all these things both company presidents expressed the desire to buy from Canada. For one thing Canadian pulpwood is less expensive but the haul being longer costs a little more; I understand our shippers get something like $39 a cord for pulpwood on the dock in Canada, while the cost in Russia runs around $48 a cord on the dock. Shipping costs tend to equalize the landed costs but Russian pulpwood landed in France costs a little more than Canadian pulpwood.

Hon. members might ask why these companies insist on buying from Russia if it is cheaper for them to buy Canadian pulpwood? The answer is simple; they get a better deal from that country than they can get from Canada. Russia will accept their currency while we sit back and insist on dollars. Russia does business how and where it can be done and as long as we do not realize that these countries simply cannot buy from us in the currency we insist upon, as long as we stick to our policies of "Take it on our terms or leave it", let me assure the house it is being left.

Furthermore, Russia has more aggressive and more expert selling agents and the impression they give to buying countries is this: "We want the business and we will do what we have to do to get it." In particular with reference to Canadian aluminum they say flatly, "We will undersell Canada regardless of how low Canadian prices are or may become." In other words, they are better horse traders, bargainers, they are better dealers and they get the business while we are losing our markets.

From Paris I went to London and with the help of our high commissioner, Mr. George Drew, I saw and talked to several of the main buyers of lumber from Canada, men like Sir Edward Monkhouse, who know our industries and who know Canada almost as well as we know it and have been buying our lumber for generations, men who are attached to Canada and have feelings of regard for the Canadian people. The story here is the same, Russia is supplying their lumber. Russia has captured our long-established lumber market and the Soviet union will do anything it has to do to get and keep the business.

They will, for instance, take pounds sterling in payment and will accept the buyer's note

for several months, in some cases without interest. As I say they will tell you point-blank, "We have come here to get the lumber market and we will do whatever we have to do to get it." This is what the lumber buyers in England tell us—with the Soviet union it is just as simple as that.

What is the reaction of the English lumber buyer? It is simply that he is forced to buy from Russia rather than from Canada, despite his feeling for a commonwealth nation. Our trade policies place him in the position where he cannot turn down the advantages of dealing with the Soviet union as opposed to Canada. Therefore, in an area such as my own, where our people depend on the sale of lumber and pulpwood for a living, things are rough. One of the provincial ministers of labour said the other day that the conditions in my riding were worse than any other riding in this country and that is, I have no doubt, correct. Already we see in visible and touching form the results of the loss of our markets to Russia and to a certain extent to Sweden and Finland. I am speaking of pulpwood and lumber which, after all, is what we have to sell in order to survive.

Of course Russia's trade offensive is not the only reason for the unprecedented extent of unemployment and suffering in my riding, but it is one of the main causes. Tight money in particular and our monetary policies in general, in addition to our trade policies, have all played an active part—

An hon. Member: And your administration.

Mr. Van Horne: —in bringing about this situation.

In visiting my riding recently I found a family where the children had to leave for school without breakfast in the morning and another family which had six potatoes left without a cent with which to buy anything else. These conditions are general in several villages and naturally these people are very concerned. Some of them almost caused an insurrection at St. Quentin the other day because they had nothing to eat and nothing to do. Some of these people blame the government and some of their criticism is not warranted—like that of the man in my riding who said the other day, "Fishing is poor, the weather is bad, times are hard and you Conservatives are in."

Some hon. Members: Hear, hear.

Mr. Van Horne: But much of the criticism is warranted but it behooves this government to sit up and take notice. In many fields the government has shown bold initiative and has done what could be done to create employment; for instance, in the field of public works this government has done more for my riding in seven months than all other governments put together have done since confederation.

Some hon. Members: Hear, hear.

Mr. Van Horne: This is the only government in the history of Canada which has listened to us and has recognized and acted upon our problems, but this government in some other fields, unfortunately, has not implemented its policies fast enough to permit effective results and has not taken the even drastic means necessary to create conditions conducive to full employment, thus removing suffering and hardship which weigh heavily upon our people.

I have dealt on many other occasions with other factors involved but, speaking now only in regard to trade, I would like to suggest, request and may even demand a more aggressive and effective trade policy with respect to foreign trade. Let us face it, we are living in times when the Soviet trade offensive is not only taking away our markets, and is eminently successful in doing so, but their planned trade offensive will intensify as time goes on.

We must take steps to compete and compete successfully and to do this, in my mind, there are three fundamental requirements with respect to changes in the attitude on the part of federal governments, and this applies to all governments. In the first instance we must sell. I have always felt and I still feel that what Canada most needs is a battalion of live-wire agents, of good bargainers—horse traders if you want to call them that—going from country to country and buyer to buyer, selling Canada and Canada's products. Such agents should have specific instructions on how and what to promote and sell. Many countries simply do not know what we have to sell. We missed the boat at the world fair.

Secondly, we must take measures which will permit us to sell, which will require a complete re-evaluation of our monetary policies, among other things, to enable us to accept soft currencies or any currency of value. It is nothing short of national snobbishness to refuse to accept the pound sterling. In other words, we must adopt the means to sell. President Eisenhower underlined our problem in this house the other day when he went out of his way to emphasize the battle between the west and the Soviet union for world trade, and which might well be the most important problem facing the west today. I believe it is, and I also believe we are not doing enough in Canada to play our part in that struggle.

Whether Russia wins by beating us with arms or starves us out by cornering and capturing our markets, the consequences will be the same. We must adopt the attitude that we will succeed, and be prepared to

take all honest means at our command. Thus, barter and all that this term involves; currency, in whatever usable form it comes; credit, in whatever acceptable form it is offered, must become part of our trade policies. Time is running against us. We have lost the momentum. We are dragging our feet.

Coming to the third point, may I say that however great the need for agents is, and important as the need for changes in our monetary system is, let us not forget that the product speaks for itself. One of the complaints I heard often in England is that Russian lumber is better cut than Canadian lumber. We here depend on portable mills where it is next to impossible to maintain exact dimensions, while in Russia the mills are fixed, and fastened down and equipped in a way which allows for practically no variations in dimensions. In England, people build their houses with rough lumber, and unless the widths are rigidly maintained it is hard to put floor covering, for example, over the lumber.

The need for a better Canadian product—and this applies to all manufactured goods—is of primary importance if we are to recapture our markets and create new ones. This is one reason why I very much appreciate the steps being taken by the government to set up an organization to help small industry. Of course, this proposed organization, at least as I understand it now, does not go far enough. I hope the scope will be enlarged to include capital assistance, product perfection and selling techniques. We have a selling job to do. We have not been doing it in the past. Let us buckle down and begin doing it now.

Mr. Caron: Would the minister tell the house what steps are being taken to improve trade relations within the different countries of the western hemisphere?

Mr. Churchill: Mr. Chairman, this branch is engaged in that activity at all times. Through our trade commissioners, and through talks between officials of this department and representatives of foreign governments we keep constantly in touch with the situation with respect to trade relations between Canada and other countries of the western hemisphere.

Mr. Robichaud: The member for Restigouche-Madawaska has just brought up a question which is very important in northern New Brunswick. I asked the minister two questions on this same matter last evening. Can he tell us, now that he has his officials with him, what the Department of Trade and Commerce is doing to bring back to normal our exports of pulpwood to the European market? The hon. member for Restigouche-Madawaska has cited figures and said he is aware from his personal contacts with dealers in France and Britain that our prices are no higher than the prices paid for Russian pulp. In fact, they are even lower.

Mr. Churchill: One thing that must be borne in mind is that the demand for pulpwood all over the world is down at the present moment. The government, in so far as it has trade commissioners stationed abroad, keeps in touch with the process of trade, but the government is not involved actively and directly in selling pulpwood or any other article with the exception of wheat where we have a crown corporation to deal with its disposal. Private industry has representatives abroad who push these sales of pulpwood as is done with regard to other products.

Mr. Caron: I really believe this is a question which should be dealt with. The minister says the government does not try to sell, that it is not a salesman to sell goods manufactured in Canada. We should have an organization of salesmen around the world able to sell the products which we manufacture here. We manufacture much more than we can consume, and unless these goods are sold on the markets of the world we are due to have a recession which will last not only for a year or two but for a long time. I believe the Department of Trade and Commerce should organize salesmen around the world to sell these products.

Mr. Churchill: We are not engaged in state trading. We have our trade commissioner service in these 45 countries round the world whose business it is—and they are very active in this—to call upon businessmen in the countries in which they are located, to communicate with Canadian businessmen who visit those countries or to write to them. Information is constantly furnished to these officials who in turn pass it on to the government and to Canadian businessmen here. A great deal has been published in that magnificent booklet of ours called "Foreign Trade". So every possible step is taken by the officials of this department to keep Canadian business informed of opportunities abroad. But we have not yet reached the stage where we employ salesmen under government auspices to sell goods produced in Canada by private industry.

Canadian businessmen are themselves very active. As I mentioned on Thursday, 4,000 visits to the various countries of the world abroad have been paid by Canadian businessmen, and that is the way in which our Canadian trade is advanced. It is by the means I mentioned that business is kept informed of what is going on.

Mr. Caron: I have listened to what the minister has had to say, but I listened earlier to what was said by the hon. member for Restigouche-Madawaska. He said a while ago that while he was in France and in England he learned that we were losing the pulpwood trade to Russia. On account of what? If we have commissioners over there looking after trade, and if they have not reported, as they should have reported, that for some reason or another we are losing this trade, there is something wrong somewhere and this should be corrected by the Department of Trade and Commerce.

We are facing the same situation with regard to newsprint. We are losing our world trade to Norway, Sweden and Finland. How is it that we are losing our trade with the United States with respect to a product which otherwise has to be imported from so far away? We want to know what is wrong, in order that we may be able to change this situation, and that is why we are asking the minister to make the changes necessary for us to be able to sell our products.

Mr. Churchill: As I have said, in some respects trade has fallen off. Nevertheless, Canada is the greatest supplier of lumber and pulpwood, and our agents abroad are very active in promoting those sales by getting the information that is required. It is a matter of economics. If the Russians offer products below the price of Canadian products they sometimes get the business. I spoke about this the other day when we were dealing with aluminum.

Here is an example of a sale of lumber and lumber products amounting to $889,000 which came about through the activities of one of our trade commissioners in the United States. He made an extensive survey of lumber outlets in Michigan and Ohio during 1956 which, extended in 1957, formed the basis of many inquiries which resulted in a substantial volume of new business. Canadian lumber lists and special offerings were made available to local firms while, conversely, the names and interests of local firms were circulated to the industry in Canada. Items of new business to the amount I have mentioned—$889,000—were reported in 1957 as being due to this phase of the trade commissioner's activity.

I have here a list covering at least a dozen pages indicating various items of all types where the activity of trade commissioners resulted in business for Canadian firms. Here is another item coming from Mexico City. The commercial counsellor there, our trade commissioner, brought a Mexico City firm in touch with a Canadian company as a result of which seven orders for newsprint to the value of $65,000 were placed. Here is another from New Orleans. The names of various British Columbia and Ontario suppliers were furnished to firms in South Carolina, Oklahoma, California, Texas, Alabama and Florida by the trade commissioner as a result of which sales of lumber and other products were made to the extent of $813,000. And so it goes all the way through this book covering anything from diesel locomotives to codfish, aluminum, brewer's malt and durum wheat and so on. It is a very active branch of the government.

Mr. Gour: Mr. Chairman, may I direct a question to the Minister of Trade and Commerce. Instead of sending 50 people on a trade mission to Great Britain, all expenses paid, would it not be just as reasonable to spend some money in sending representatives from various manufacturing and industrial concerns as well as representatives of the minister's department to various countries of the world to stimulate Canadian trade abroad? What is the point of sending 50 men to Great Britain to say, "Please, manufacturers of the United Kingdom, sell us some goods". Most of these things are already produced in this country. I think it would be advisable to spend $100,000 or more in sending someone from the minister's department together with representatives of those industries whose goods are in a surplus position in Canada to make some sales abroad and elsewhere. I do not think it is useful to send 50 men on a mission at the same time so they can have a nice pleasure trip. It is not necessary for them to have such a happy time and they could have accomplished more than merely saying to the British manufacturers, "Please, for God's sake, sell us some goods. We are not able to manufacture our own goods or buy and sell them". I believe the suggestion I have advanced is far more reasonable.

Mr. Caron: Mr. Chairman, a while ago the minister said we have an organization which seeks to sell Canadian goods in foreign markets. Despite this fact we have lost a great deal of our trade in pulpwood as the hon. member for Restigouche-Madawaska proved with the figures he had on the subject. He was on the spot and he asked a question.

In addition to the loss of pulpwood sales we have lost some sales of aluminum to Russia. I believe something is wrong somewhere. If it is not with our economy then it must be with our system of distribution. There should be an organization in the department to study what is wrong with us so we can recuperate the trade we lost. That is what I am asking the minister at this

time. Is there any organization in the Department of Trade and Commerce to try to ascertain what is wrong with our system so we can recuperate our losses?

Mr. Churchill: Mr. Chairman, I will repeat what I have said. The trade commissioner's branch of the Department of Trade and Commerce is one of the most efficient branches of the government. Hon. members on all sides of the house have paid tribute to the work that is being done by these men of ours abroad. They are all carefully selected and trained. After serving abroad for a period they return to Canada and make contacts with Canadian industry and then take up their posts abroad. Every week letters come to me or to the department from businessmen who have been abroad and in contact with our trade commissioners and they report that they have received excellent cooperation and benefited greatly by the advice and counsel given by the trade commissioners.

Had it not been for the work of these men abroad Canada's export trade would not be higher at this time than it was a year ago and, as I pointed out yesterday, it has been rising.

Mr. Caron: Mr. Chairman, I admit that we have a very good staff in the department and I wish to join with those hon. members who have spoken in praise of the work that has been done by this personnel. However, aside from that, we are losing some trade. We should not be losing trade because we certainly cannot furnish France or England with the pulp they need through lack of orders. There must be a reason for this. If a special study were made concerning pulpwood, newsprint and aluminum it might be possible to discover this reason. We are losing trade at the present time and we should be in a position to know why we are losing it so we can correct the difficulty. If we do not study the matter we will not know where we stand. Canada continues to suffer from over-production which creates a condition of recession and everybody wants to get rid of that.

Mr. Churchill: Mr. Chairman, the hon member's suggestion will be given very careful study by the officials of the department and myself. I gave an example the other day of the difficulties we face and the commodity I chose for the purpose of illustration was aluminum. We are the world's great supplier of aluminum and yet Russian competition has interfered with our sales of aluminum abroad. The hon. member said we should do something about it. We have done all that we could do about it but if the Russians are prepared, as they have stated, to quote a price that is under our price regardless of at what level we set it, then we are really in difficulty.

We have communicated with the United Kingdom asking them to continue to purchase Canadian aluminum and resist the sale of aluminum from Russia. That is the type of action we take. The various branches of this department are constantly in touch with trends of business all across the world. Reports come in all the time with regard to what is happening in respect of one commodity or another. The businessmen of this country secure that information from our department. We maintain close touch with world economic conditions.

Item agreed to.

Item 398 agreed to.

399. Canadian participation in the Brussels universal and international exhibition 1958, $709,628.

Mr. Bourget: Mr. Chairman, the minister will probably recall that I asked him some questions a few weeks ago about the situation with respect to the Brussels universal and international exhibition. I do not know whether or not he has had occasion to personally visit the exhibition but he will recall there were some articles published in the newspapers in criticism of it, and there was also some criticism made by one member of his own party who was there some weeks ago. Under the circumstances and due to the fact that this exhibition is costing the country $3 million I believe we are entitled to expect some comment from the minister concerning the exhibition. I should also like to have him give us a little more information about the circumstances surrounding the resignation of Mrs. Bienvenue. We have little information at the present time to use as the basis of a discussion of this subject. We have received only the information the minister gave us and have had tabled the letter of resignation and the minister's reply. I would appreciate very much if the minister would be kind enough to give us more information so we will have a clearer picture of the situation at the Brussels universal and international exhibition.

Mr. Churchill: Mr. Chairman, the plans for the Canadian exhibit at the Brussels universal and international exhibition were made by the former Liberal administration several years ago and the money was allocated very largely during the lifetime of that administration.

When we came into the picture at the end of June, 1957, the plans were very far advanced and most of the money had then been voted for this purpose. We were presented with a fait accompli in the type of

building which had been designed, the exhibits that were going to be shown in the building, the beautification of the grounds surrounding the building and the selection of the site on which the building would rest. Virtually all the appointments with regard to the management of the exhibition had been made, including the appointment of Madame Bienvenue as chaperone. That was done by order in council in that period of interregnum between June 10 and June 21.

Some people have been very critical of the Canadian exhibit at Brussels and a much larger number have been very complimentary of it. For a long time I kept a record from week to week of the letters coming in and the comments made. For quite a while they were about 50-50, 50 per cent condemning the Canadian exhibit and 50 per cent praising it. Latterly I have received no letters finding fault with the Canadian exhibit but an increasing number of comments praising it. Some of these comments are now coming from visitors to the exhibition living overseas in Belgium, Holland, France and elsewhere in Europe. They are very much impressed with the Canadian exhibit. Thousands of them have been through our pavilion and the number is steadily increasing.

It is important to recall what was the purpose of the world exhibition. The original invitation which came from the authorities at Brussels to the Canadian government was expressed in the following words:

> We want it to be possible for any one nation to be able to explain to all other nations how it lives, what are its religious and philosophic conceptions, its economic and social achievements. If to govern means an attempt to give a people happiness then let the nations tell each other just how they visualize that happiness and how they would assure the required material and moral conditions.

It will be seen from that that this is not a trade fair or an industrial exhibition, and people have become confused in their minds with regard to that. It is intended to depict the Canadian way of life and I think that is being done by our exhibit in Brussels. There is an industrial section. Art is shown and various other aspects of life in Canada are depicted.

One must also remember that although the amount of money, $3 million, seems sufficiently large for such an enterprise it is dwarfed by the amount of money spent by the United States, Russia and some other countries who have very large exhibits adjacent to the Canadian pavilion. But, as I have stated on another occasion, Canada in spending $3 million on this exhibit has played a part comparable to that of other nations of similar size. We have not seen fit to enlarge the amount of money available for the Canadian exhibit. We took it for granted that the former administration had given very careful consideration to the planning and that within the financial limit set satisfactory results could be achieved. I think that satisfactory results have been achieved.

There were complaints earlier about the food in the restaurant. You hear complaints about the food in the restaurant upstairs here and I have been around these parts now for over eight years. The cost of the meals in the Canadian restaurant at Brussels was under question and the cost was subsequently lowered. Canadian restaurant people were given an opportunity to tender on providing meals over there but did not take up the offer. A Belgian restaurant keeper undertook to provide meals. He had the impression that visitors to the exhibition from Canada and North America generally would like to have food that is common to Europe. Some of our Canadian visitors apparently did not want that. They wanted, I suppose, ham and egs, hamburgs, hot dogs and things of that nature.

Mr. Pickersgill: I hope codfish.

Mr. Churchill: Others who are interested in seeing how other people live have not objected to the type of meals served in the restaurant. Complaints about the restaurant, although they were fairly numerous in the early stages, have declined. I have not heard any complaint about the restaurant recently. In any case, a visitor to the Brussels exhibition is not compelled to eat in the Canadian restaurant. Every other exhibit there has its restaurant and there are other public eating places in Brussels. I think we do not need to magnify too much complaints of individuals with regard to this or that. You cannot satisfy people with regard to art, architecture, food and a long list of other things where opinions differ depending upon people's tastes, background, training and so on.

A staff of 48 students has been over there since early in April acting as guides, 24 young women and 24 young men selected carefully from the universities of this country by university authorities on the basis of their academic standing and on the basis of their knowledge of languages. These carefully selected students were given the privilege of spending six months in Europe, earning a salary during that period, getting free lodging and free board and accumulating leave so that they would be able to do a little travelling in Europe. They are the most fortunate university students in Canada. There are hundreds of university students who would gladly have made the trip and acted as guides at the Brussels exhibition. It is the type of

opportunity that comes about once in a lifetime and by and large I think our students have been excellent representatives of Canada and have done a first-class piece of work over there.

A little trouble arose over the retirement of the chaperone but it was at her own request and I accepted her resignation. I took it for granted that if a person went to the trouble of carefully writing out a resignation and presenting it to me I had no alternative but to accept, and I accepted it as I would under any other circumstances. Resignations are not lightly written and I simply assumed that the matter had been very carefully considered. There was a little disturbance among some of the students at the time who thought that the chaperone's resignation should not have been accepted and there was some disturbance over whether or not her place would be taken by someone else. Her place was, of course, immediately taken over by another lady who has served as chaperone in the interval.

As of this week Madame Boisvert of Quebec city has been appointed to be chaperone at the Canadian exhibit at Brussels and will be leaving in a very few days to take up her new position. While she is en route and for a while after she arrives Miss Armstrong will continue to act in the capacity of chaperone.

Mr. Caron: Is that the wife of the sergeant of the R.C.M.P.?

Mr. Churchill: No. Miss Armstrong is from our London office.

Miss Armstrong will stay there until Madame Boisvert becomes thoroughly familiar with the situation and with her duties.

This constitutes a report, Mr. Chairman, on the exhibition at Brussels. From what I can gather from reports from newspapers published on the continent, from letters written by newspapermen who have been over there and businessmen who have visited the place, it appears that the Canadian exhibit is a credit to Canada; that it is depicting Canadian life in acceptable fashion; that it compares very favourably with the exhibits of other nations. I think we can be proud of the Canadian exhibit. I think we can give a word of praise to those who conceived, planned it and put it into operation; a word of praise to the students and others who are assisting in giving a good Canadian welcome to the visitors to the Brussels world fair.

Mr. Bourget: I should like, first of all, to thank the minister for the information he has just given to us. However, coming back to the case of Madame Bienvenue, I could read from her letter to the minister in which she said:

> I am having imposed on me obligations which go far beyond the terms of my contract.

May I ask the minister if he tried to ascertain whether or not what she alleges is true? Have new obligations been imposed upon Mrs. Bienvenue beyond the terms of her contract or agreement with the department?

Mr. Churchill: Not to my knowledge. I had a report given to me with regard to this, and there was a thorough understanding concerning the terms of employment, salary and things of that nature. In the course of operation some misunderstanding must have arisen as to what should be done, and that is understandable in the operation of a world's fair. Madame Bienvenue considered she was being asked to do things that she had not expected to do, and was not being reimbursed to the extent she thought she should be. She indicated that she required an additional salary of $200 a month, and she said, and I quote her exact words:

> Failing this, I resign my appointment 30 days from this date.

Mr. Bourget: I understand that, according to the agreement, Madame Bienvenue was supposed to be the social counsellor and chaperone of the women students. According to information I have received, as well as newspaper reports, she was also called upon to act as concierge, housekeeper and sometimes charwoman. Surely if she was called upon to do more she was right in asking for more pay.

Mr. Churchill: I do not believe for one minute that she was called upon to do the other duties to which my hon. friend has referred.

Mr. Bourget: I do not know if you would call it a hotel where the students lived in Brussels, but I understand this was a four-storey house. There was no caretaker and there was no nurse. According to the information I have received, some of the students were sick and she had to take care of them. If she acted as nurse, charwoman and housekeeper, how could the minister blame her for asking for more money?

As a matter of fact, the letter she sent to the minister was not a letter of resignation. She mentioned to the minister she would resign if the conditions were not changed and if her salary was not increased because she was doing more work. I think she was quite right in asking for more pay. It is only logical to ask for more pay if her duties and obligations had been increased.

Mr. Churchill: I have the greatest respect for Madame Bienvenue, Mr. Chairman. I think she performed her duties in admirable

fashion. I took her resignation at face value. I saw no reason why I should not accept it because we had no funds voted for this particular purpose. Had she indicated in her letter she wished to confer with regard to duties or confer with me regarding salary matters, that would have been different. But it was a letter of resignation, and I assumed that it had been carefully considered before it was written and signed.

Mr. Bourget: Before the minister accepted the resignation of Madame Bienvenue did he try to ascertain from sources other than the reports he received from officials in Brussels what the exact situation was? I think we have a right to assume that something is not going too well out there because even the members of parliament have made complaints, not members of the opposition but members of the government. I believe the minister would have been justified in asking for a complete investigation in the situation. After all, when the Canadian people are spending $3 million they are entitled to get some benefit from it.

Mr. Churchill: The complaints my hon. friend mentions made by members of parliament to my knowledge were complaints with regard to the nature of the exhibit, the size of the building, the type of food that was being served in the restaurant. I did not hear from any member of parliament about the duties of the chaperone. I heard commendatory remarks concerning Madame Bienvenue. Prior to her departure, I was assured she was the type of person who would fill this job admirably, and I believe she did. I did not feel justified in making any extra expenditures to conduct an investigation under the circumstances. If people are not happy in the work that they are doing, it is their privilege to offer their resignation. In this case, that was done and I accepted it.

Mr. Pearson: I quite understand the minister's difficulty about assessing public opinion on the character and value of our exhibit in Brussels. It is quite impossible, of course, to participate in an exhibition of this kind and satisfy everybody. I, myself, am in no position to judge about the success of Canadian participation in this exhibit. Reports I have had would lead me to believe the effort was creditable, in view of the amount of money available, and that the exhibits are a reasonably attractive reflection of life in this country.

I should like to ask the minister one or two questions. Has there been any change in the plans for participation in the exhibit? I am thinking of the appearance, for instance, of the National Ballet or the Théâtre du Nouveau Monde. Has it been found necessary to cut down on some aspects of our participation and, if so, why was that required? The minister has touched upon the question of morale amongst the staff, and stated in the house that morale amongst the students was very high. Some of us have had letters from students which indicated that morale, in respect of some of them, was not too high.

However, there is something else that has been stated and I think this is a matter of some seriousness, namely that reports have been sent back by R.C.M.P. officers who are there on the conduct of the members of the staff. I should like to know from the minister whether, in fact, that has happened; whether the R.C.M.P. have taken it upon themselves to report to the government on the members of the Canadian staff at the exhibition.

Mr. Churchill: I have no knowledge of any report by the R.C.M.P. with regard to the people engaged in activities at the Canadian pavilion. In any case, that matter does not come under my jurisdiction. The Minister of Justice would have to deal with that particular matter. On the earlier question of the Leader of the Opposition may I say this. I do not think there has been any reduction whatsoever in any of the programs planned for the Canadian exhibition at the Brussels fair.

Mr. Pearson: The minister has just said that any reports that might be made by the R.C.M.P. would not be made to him and therefore he would perhaps not be aware of them. But the Canadian participation in the exhibition is, of course, under his jurisdiction. This matter has already been taken up in the house. On June 26 a question was addressed to the Minister of Justice on this point. He said that he would make inquiries to ascertain whether or not reports have been received. We have received information that such reports have been made. I think it would be well to clear this matter up. We had hoped that the Minister of Justice might have informed the Minister of Trade and Commerce whether, in fact, there is any basis to this kind of talk. We asked a question in the house. He said that he would make inquiries about it on June 26 but we have not heard anything since then.

Mr. Churchill: As far as the Department of Trade and Commerce is concerned I can say that we have asked for no reports from the R.C.M.P.; we have received no reports from the R.C.M.P.; and we know of no reports sent back from the R.C.M.P. except, I am informed, that they complained about the food that they were receiving.

Mr. Cardin: I think this question of the difficulty that is now taking place at the Brussels fair is most regrettable. I think it is most regrettable from the point of view of the students who had looked forward to this experience with a good deal of anticipation. I think it is unfortunate for them that there should have been this misunderstanding, as I would call it, as to the relationship between the members of the personnel at the Brussels fair. I know Mrs. Bienvenue and I also know that she is a person who would take on these responsibilities with a great deal of compunction and certainly would not take these duties lightly. I think she may not have entered in her letters all the reasons that may have provoked her resignation. I feel that there is a great deal more left unsaid than is said in the letter. Under these circumstances it would seem to me that the minister might well have utilized, for instance, our representatives in Belgium who were on the spot to make a very thorough inquiry as to the reasons why Mrs. Bienvenue tendered her resignation. I think there is a great deal more being left unsaid than is being said. I rather feel that it would not be asking too much of the department to ask it to make a thorough investigation as to exactly what is going on in the Brussels fair among our Canadian personnel. I wonder whether the minister would not perhaps tell us exactly who has been chosen to replace Mrs. Bienvenue. I understood him to say that it was a Mrs. Boisvert who was to replace Mrs. Bienvenue. But as the hon. member knows, there are a great number of families bearing the name of Boisvert. I wonder whether he could be more specific.

Mr. Churchill: In reply to the earlier part of the hon. member's remarks may I say that I know of no dissatisfaction now prevailing among the staff at the Canadian pavilion at Brussels. As I said earlier, there was some dissatisfaction at the time of the resignation of Mrs. Bienvenue. As to her successor, in order to identify her a little bit more carefully may I say that she is Mrs. Claire Paquette Boisvert of Quebec city.

Mr. Van Horne: One of the things that impressed me greatly was the choice of the building, having regard to where the building was located. It was a very unfortunate choice that was made in taking that particular building. It was a building without very many services. One of the things that stands out is the fact that the R.C.M.P. and the staff were made to inhabit the same building. According to the information received from the R.C.M.P. this is against their regulations which demand that they be housed separately from the staff. Mrs. Bienvenue took the trouble to call me into her office when I visited that building. Of course, she was very specific in her complaints. There is no question about it that the former government got this thing off to a bad start. I presume this government is doing everything it can to straighten the matter out. In the light of the more favourable opinions that are now being received, I also presume that this government has done quite a bit to ameliorate conditions at the fair. From speaking with people visiting our exhibition, talking with the guides and, what I personally could find out from simply going through it, looking around and asking questions, the fair is not a success. Canada is not doing a proper job as far as our participation in that fair is concerned. It is unfortunate that I am obliged to say that but, as far as I am concerned, that is what I have found.

Mr. Chevrier: May I pursue the matter that was originated by my friend the hon. member for Levis. A moment ago the minister said, if I understood him rightly, that he had received no reports from the R.C.M.P. While I am not challenging the accuracy of that statement I refer him to sessional paper No. 203, dated Wednesday, July 9, 1958 which is a report on the whole matter. Paragraph 4 of it reads as follows:

> 4. I have learned that three reports concerning the personnel of the Canadian residence (the Royal Canadian Mounted Police excepted) have been sent to Ottawa without my knowledge. The first is said to incorporate a grave rumour which libels the reputations of the 24 young women. The second, based on a minor incident, suggests that our young people use alcohol excessively. The third concerns me.

In the light of that statement, which seems to be in contradiction to what the minister has said, I wonder whether he will not comment on the situation anew?

Mr. Churchill: I understand that these are charges made by Mrs. Bienvenue herself. You are reading from her letter?

Mr. Chevrier: I was reading from the sessional paper which I take it is a letter from Mrs. Bienvenue to the minister.

Mr. Churchill: Just in case a stranger might not know what a sessional paper is, let it be clear that this sessional paper is the original letter from Mrs. Bienvenue and addressed to me. It is not a government publication. These are the statements that were made. But I have already given my answer with regard to communications from the R.C.M.P.

Mr. Chevrier: Has the minister ever asked the Minister of Justice if there were reports such as those that are mentioned in that paragraph 4 of the letter?

Mr. Churchill: No, I have not made that inquiry of him.

Mr. Pearson: Does not the minister think he should do that? This is a fairly serious charge made by the signer of this letter to the effect that reports of this kind have been sent back by the R.C.M.P. to Ottawa. If that charge has no foundation in fact, that should be made clear; and presumably the only way in which it can be made clear, if the minister or his department has not received such a report, is to ask the Minister of Justice whether there is any foundation to it. That is why we brought this matter up nearly a month ago. At that time the Minister of Justice said he would look into it. That is why we should like to have a report at this time.

Mr. Churchill: I will draw to the attention of the Minister of Justice the interest of the hon. gentleman in this matter.

Mr. Bourget: Does the minister mean he has not received any reports, not one of the reports mentioned in the letter from Madame Bienvenue to himself, no report at all? I do not mean reports sent by the R.C.M.P. only because in her letter Madame Bienvenue mentions that those reports were not sent by the R.C.M.P. We may take this inference from the fact that she says, "The Royal Canadian Mounted Police excepted". I am just asking the minister if he has received the three reports on this subject mentioned three or four lines down in the fourth paragraph of the letter?

Mr. Churchill: No, Mr. Chairman, I have not received the reports such as are indicated in the letter of Madame Bienvenue.

Mr. Caron: The minister received a letter signed Mrs. Bienvenue. When he read the letter, or should have read it, in the fourth paragraph he would have seen she says she has learned that three reports concerning the personnel of the Canadian residence—the Royal Canadian Mounted Police excepted—were sent to Ottawa without her knowledge.

I am asking the minister why he does not refer to these alleged reports? He just accepts the resignation—oh, with a few kind words, "I wish to thank you very much for your contribution"—without making an inquiry to see if there is any truth in the letter. I think it is very strange to receive a letter of that kind and not to inquire at all as to such a report, whether it was received in his department by someone, but just to accept the resignation.

Mr. Churchill: It did not occur to me, Mr. Chairman, that paragraph 4 had any relationship to the actual resignation incorporated in the balance of the letter under the heading "Conclusions".

Mr. Caron: The whole letter is part of the resignation. Firstly, Mrs. Bienvenue declaims the reason why she is not satisfied and then in the final paragraph she claims that there are reports made without her knowledge. So this is one of the reasons for her resignation; there are more reasons contained in the conclusions which state:

> 2. Our residence has not been organized as it should have been.
>
> (a) The young men have no lounge of their own.
>
> (b) The manning staff is unreasonably crowded by reason of the fact that three members of the R.C.M.P. have their wives with them in the building.
>
> (c) There is a woman, Mrs. Eckert on the storey which was to be reserved for the young men.

These are all the reasons given for the resignation. The minister is required to see if it is true or not. I know if I received a letter of that kind I would inquire before deciding to accept or refuse a resignation.

Mr. Chevrier: May I suggest, as there seems to be a good deal of interest in this item, that the minister could inquire of his colleague the Minister of Justice as to whether there were any reports such as alleged in paragraph 4 of the letter and of the sessional paper and the item might perhaps stand until the minister reports to the house. I am sure if he does that he will see that there will not be too serious objection to the item going through.

Mr. Pickersgill: Before the item passes or is allowed to stand, Mr. Chairman, I should like to express the feeling of shock which I am sure must have been shared by other hon. members that the minister, having received this letter, accepted this resignation. The minister has, since he became minister, accepted more resignations than all the other members of the government put together, and yet he makes the statement that when he received this resignation he merely accepted it without investigating the circumstances which led up to it. Considering the importance of the positions held by many of the officials who have resigned since the minister took up his present office, it does seem to me the most extraordinary confession for the minister to make.

Mr. Churchill: The hon. gentleman is not always accurate in his statements and on this occasion he is inaccurate. I said that I read the resignation and decided it had been made in good faith. I accepted it, but at no time did I say I had made no investigation, as the hon. member has now stated. In that respect his remarks are totally inaccurate and his gratuitous references to other

resignations deserve to be received with the contempt which one feels for that type of political remark.

An hon. Member: Cheap.

Mr. Churchill: The resignation of Mr. McIvor from the Canadian wheat board was contemplated for many years, and was based upon personal reasons. The resignation of Mr. Bennett from the atomic energy commission had been placed before my predecessor at least one year before I assumed office and was very kindly postponed by Mr. Bennett at my request. So let us have no more of these snide remarks about resignations.

Some hon. Members: Hear, hear.

Mr. Pickersgill: Before the hon. members assume that my observations should be treated with contempt I wish to say I have listened very carefully to the remarks of the minister. I certainly got the impression, as I believe did all members on this side of the house, that the minister had made no investigation of the case of Mrs. Bienvenue. If he made such an investigation would he tell us the results of it, which surely parliament is entitled to know.

Mr. Churchill: I accept no responsibility for the impressions formed in the mind of my hon. friend.

Mr. Pearson: The minister has said he made an investigation and that is a very pertinent statement in regard to the letter of Madame Bienvenue. As stated in this letter, and it must have been an important factor in the decision to resign, three reports were made, I rather assumed by the R.C.M.P. to the Minister of Justice from the reference to the R.C.M.P. in that paragraph. But perhaps that is wrong and perhaps the reports were made by someone else to the minister or to someone in his department. Now if the minister has made any investigation we would like to know whether as the result of such an investigation there was any foundation whatever for these serious charges that reports were made which reflected upon the character of Canadian personnel. If the minister is not in a position to give us the results of the investigation at this moment would he let this item stand until he is able to secure these results which he should be able to do quite shortly?

Mr. Churchill: I think, Mr. Chairman, we are magnifying this item out of all reasonable proportion in asking for it to stand dependent upon a report from the Minister of Justice who was previously asked a question with regard to these reports. I have no knowledge of reports which Madame Bienvenue claims are libellous or damaging to someone's reputation. This has not come to my attention in any way whatsoever and I have already stated the circumstances under which I have accepted the resignation.

Mr. Pearson: Mr. Chairman, there is a very simple way out of this difficulty. The minister can ask an official of his department or someone else to phone the Minister of Justice to find out if he has any such reports. He could do that in a few minutes; he could discover whether any such reports have been received. He say he has no knowledge of them and he could not possibly have knowledge of all reports received in his department, but he could clear up the mystery very quickly and easily.

The Acting Chairman (Mr. Nielsen): As I understand the rules of the committee, the committee can with unanimous consent have an item stand. Does the committee give that unanimous consent at this time.

Mr. Pearson: Agreed.

Mr. Churchill: I think the item should pass. I think this is just a ridiculous request based on an alleged report said by Madame Bienvenue to be libellous. She does not say she saw the report; she simply says she heard of some report, but she does not tell us who was the author or to whom it was sent.

Mr. Pearson: No, Mr. Chairman, it says she has learned of the reports.

Mr. Churchill: From whom?

Mr. Pearson: Presumably in her capacity as the woman responsible for looking after the staff in Brussels. She has learned the reports were made and as a result of this and other things she felt it necessary to submit her resignation. So it is not a trifling matter; if these reports are involved all the minister has to do is to see if they were received by either the Minister of Justice or his department or by the minister's own department. We asked this question of the Minister of Justice nearly a month ago and we have heard nothing further. We now ask the minister to find out whether any such reports were received by his department. He has just said he made an investigation of the matter.

Mr. Churchill: There were certainly no reports such as are referred to here, received by my department. The Minister of Justice may be asked to reply to the question which has already been placed on the order paper, and surely that will satisfy the committee. There is no curtailment of information; no loss of time. These questions can be repeated

—hon. members opposite are very good at that—and I am sure the Minister of Justice will be quite able to give a reply on Monday.

Mr. Pearson: The minister has now said that there were no such reports received by his department. I accept that statement. He did not make it earlier. I do not want to hold up the minister's estimates. At the proper time we will ask the Minister of Justice. In the meantime we accept the statement the minister has just made that no such reports as those referred to paragraph 4 of this letter were received by his department.

Mr. Pickersgill: Before the item carries, I should like to say this: the minister made a charge that I had misrepresented a statement he had made and in support of his contention that I had misrepresented him he went on to say that he had made an investigation. He has told us absolutely nothing about the kind of investigation he made or the results of his investigation, and I think that as representatives of the taxpayers we are entitled to that information before this item passes.

Mr. Bourget: Before the item carries, I should like to ask the minister if he would be good enough to table the letters sent to him by the students, copies of which have, I think, also been sent to the Prime Minister.

Mr. Churchill: There is a notice of motion on the order paper for a copy of all correspondence exchanged between the Prime Minister or the Minister of Trade and Commerce and the students who are acting as guides at the Canadian pavilion of the Brussels universal and international exhibition, 1958. That will come up in due course on Monday. The notice of motion refers to both the Prime Minister and myself. I have not had an opportunity of speaking to the Prime Minister about it.

Mr. Pickersgill: Does the minister refuse to tell us what kind of investigation he carried out and what the results of his investigation were?

Mr. Churchill: I see no purpose in attempting to satisfy the irrepressible curiosity of the hon. gentleman.

Mr. Robichaud: The charges made are public. They are public charges, and the documents have been tabled in this house. The minister says he has made an investigation. Can he not tell this committee what were the results of his investigation, what were his findings? Are the charges true or false?

Mr. Churchill: Is the hon. member asking whether or not I investigated these charges made by Madame Bienvenue in paragraph 4 of her letter? I have already stated I have no knowledge of this whatsoever. If it were sent by the R.C.M.P., or to the Minister of Justice that is an entirely different proposition. In any case, her resignation is not founded on that statement in her letter but on considerations which do not even mention these alleged libelous charges.

Mr. Pickersgill: I should like to ask one more question. Could the minister say what he investigated in the investigation he carried out?

Mr. Churchill: Mr. Chairman, any reasonable person would understand what type of investigation would be carried out on receipt of a letter of resignation. I naturally asked my officials to let me know the state of affairs at Brussels.

Mr. Pickersgill: And what did your officials report?

Mr. Churchill: My officials reported that Madame Bienvenue, in accordance with her letter, was offering her resignation, that she was being asked to perform duties which were beyond her and was requesting more money, and they thought that this additional money was not available as it was not available within the estimate and no course was left other than to accept her resignation.

Mr. Pickersgill: I am not going to press this matter any further. I merely want to draw the attention of the committee to the fact that is was not so long ago since the minister and his friends were sitting over here and complaining about the denial of information to parliament by occupants of the treasury benches, and I cannot recall in all the time I have observed this parliament anything to compare with the refusal of the minister to answer perfectly simple questions that we have witnessed this afternoon.

Item agreed to.

401. Electricity and gas inspection services, $976,301.

Mr. Chevrier: On item 401, Mr. Chairman, the minister was good enough to answer the questions that I asked him earlier about the export of power, and in his reply he indicated that the New Brunswick electric power commission holds a licence for the export of power of 20,730 kilowatt hours, and that the power exported through the grid is developed in part at Beechwood. The question I desire to ask the minister is this: is the power under development there not for transmission to the province itself, and was not that the intention when parliament approved this project? So I ask the minister why, in view of that understanding, was the licence granted for the

export of a portion of the power developed at Beechwood.

Mr. Churchill: The licence was granted because we were informed that they had a surplus of power, and the licence was granted on the basis that the power may be interrupted if required.

Mr. Chevrier: Can the minister say how much power is generated at Beechwood?

Mr. Churchill: We gave the figures, I think, for the grid as a whole. I do not know how much is generated at Beechwood itself.

Mr. Chevrier: Yes, the answer given would not cover the question I have just asked. Let me put it in another way: can the minister state whether this is off-peak power, and what proportion of the power developed at Beechwood is covered by the export licence?

Mr. Churchill: I judge that this is off-peak power. Whether it comes directly from Beechwood or is drawn from the grid as a whole would be very difficult to determine.

Mr. Chevrier: I know that perhaps some of these questions are technical, but could the minister say, nevertheless, what are the bases upon which a licence is granted by his department for the export of power?

Mr. Churchill: I think always on the basis that it is in excess of local requirements, and always on an interruptible basis.

Mr. Chevrier: Can this power be recaptured? Is there a provision in the licence to this effect? What I mean is this: power is a natural resource and I am sure there must be conditions and terms upon which the licence is issued. Does the licence state that this power can be returned at any time and interrupted even though it may affect the development of communities in another country?

Mr. Churchill: Yes, I believe so, because it is surplus power on our side and it is interruptible, and the communities receiving this on the other side do so on the understanding that they cannot count on it as a permanent thing.

Mr. Pickersgill: Mr. Chairman, is there not a difference—and I speak subject to correction—between interruptible power and surplus power in the sense of power that is surplus to the immediate demands and which is provided on a more or less permanent basis? If this is interruptible power it could be interrupted at any time and if at the present moment there is no particular need for it in the province of New Brunswick there would not be much dispute about it on this side of the house. On the other hand, if it is power which is assumed to be in excess of any immediately foreseeable requirement in New Brunswick and is being exported to the state of Maine on a regular basis we would be very worried on this side of the house because in the last parliament, as the Minister of Northern Affairs and National Resources will probably recall, we were asked to support a loan of $30 million from the federal treasury to provide additional power for the province of New Brunswick and that measure received the support of both sides of the house. I do not think it would have received the support of both sides or indeed the support of a great many hon. members of the house if there had been any thought that in doing so we were making a loan to provide power for export to the United States.

That is a question, of course, that has been a great political question in Canada all through the twentieth century. On one occasion, as the minister may perhaps recall, it occasioned differences of opinion in the ranks of the Liberal party which perhaps we have not yet heard the end of and the question of the maintenance of our power resources in Canada is something of which parliaments have always been very jealous. We would want the most categorical kind of assurance from the minister that this is genuinely interruptible power and that there is no question whatever that it can be instantly retrieved if it is required.

Mr. Churchill: Mr. Chairman, I think I can say it is genuinely interruptible power. It is making use of surplus power which is available at the present time but in the future it may well be that this surplus power will become essential for use within the province of New Brunswick itself.

Mr. Chevrier: Mr. Chairman, I wonder if I could get a more comprehensive answer to the question I asked earlier about the basis upon which these licences are granted. The hon. member for Bonavista-Twillingate referred to the debate that had taken place in this house many years ago on this question. I remember that debate quite well. I believe that there was general agreement between all parties about the desire to keep this power in our own country and on no occasion to export it other than in extraordinary circumstances and except when it was off-peak power and, as has already been stated, clearly and genuinely interruptible power.

The question I asked and upon which I should like some further enlightenment if the minister would be kind enough to give it to me is this. What are the terms or conditions in the grant of the licence authorizing the export of this power whether it be at Beechwood or at any other point on the border between Canada and the United States?

Mr. Churchill: Before the export permit is granted the standards branch of our department gives me information to show that this is surplus power beyond domestic needs and that information in turn has to be disclosed to the government before the order in council is issued. There has been no deviation in policy from what has prevailed in the past. We are simply granting these export permits in circumstances where surplus power is available and it is on an interruptible basis.

Mr. Chevrier: I know that the licences are granted in exceptional cases. I appreciate that they are not the general rule. What is required in order to recapture the power? Does notice have to be given to the industry or the power commission in the other state?

Mr. Churchill: I feel sure that is part of the agreement that is made. In the first instance it is surplus and in the second instance it is interruptible because it has to be utilized in Canada and therefore is not available to the importing state.

Mr. Chevrier: Does the minister have a copy of the licence? Could I obtain a copy?

Mr. Churchill: I shall gladly furnish the hon. member with one but we do not have a copy here at the moment.

Mr. Chevrier: If I secure a copy I think that will be sufficient. Could the minister or one of his officials state whether the licence says that the power is for a certain period, for instance for two hours or a terminable period within a day?

Mr. Churchill: No, I doubt very much if it sets out that detail.

Mr. Robichaud: Could the minister also tell the committee if in such a permit there is a clause which determines the cost of power? In other words, is the power sold to the United States consumer at the same price that is paid for Canadian consumption by the residents of New Brunswick?

Mr. Churchill: That is not stated in the export licence which we issue.

Mr. Pearson: What we are trying to establish, and perhaps we can sum it up in these words, is this: the power in question which is exported from this country is genuinely interruptible as the minister has said, that it can be recaptured for Canadian consumption and that the purchaser of the power in the United States knows that fact.

Mr. Churchill: That, I think, is a very good summary of our position.

Item agreed to.

[Mr. Chevrier.]

402. Weights and measures inspection services, $1,063,212.

Mr. Chevrier: Can the minister say whether there has been an increase in the personnel of this branch of his department?

Mr. Churchill: Yes, Mr. Chairman, there has been an increase of 13.

Mr. Chevrier: Could he give the reason?

Mr. Churchill: This branch carries out the inspection of weights and measures and of weighing and measuring machines used in trade throughout Canada, scales of any capacity, and measures the accuracy of gasoline pumps and trucks and other weighing or measuring equipment that is imported and weighing and measuring machines manufactured in Canada prior to being released for sale. With the increase of population in this country and the expansion of business operations, we have found it necessary to increase the inspection staff.

Item agreed to.

Dominion Bureau of Statistics—
403. Administration, $218,443.

Mr. Caron: Mr. Chairman, I do not want to make an issue of anything and it may have been that way since the beginning of the world but when we were in another committee the other day I discovered that in terms of area the cities of Hull and Ottawa are linked together. The situation in the two cities is vastly different. Ottawa is the capital city where most persons are government employees. Hull is a manufacturing city where the employment is completely different. With respect to Quebec, Hull is similar to Three Rivers and Sherbrooke. It is generally called the metropolis of western Quebec. I would ask the minister to request the dominion bureau of statistics in future to designate Ottawa and Hull as separate areas.

The two cities are too different to classify them together. You can find that on page 6 and page 24 of the report of the government bureau. When I wanted figures for Hull the other day the only thing they could give me was Hull-Ottawa. This is not satisfactory with respect to our population because there is not the same type of employment. Would it be possible for the minister to ask them to separate Ottawa and Hull as Sherbrooke and Three Rivers are separate areas in the province of Quebec?

Mr. Churchill: I will be glad to look into the problem raised by the hon. member and see if his suggestion can be carried out.

Mr. Chevrier: May I ask the minister whether there has been any change in the title of the bureau?

Mr. Churchill: It is known as the dominion bureau of statistics.

Mr. Chevrier: I know but has there been any change in the title?

Mr. Churchill: Not to my knowledge.

Mr. Pearson: Mr. Chairman, in view of the very great interest in the compilation of unemployment statistics and, indeed, in view of the importance of these statistics at the present time, would the minister give the committee a fairly detailed report as to how this is done so that we may be in a position perhaps to appreciate more accurately than we have in the past the exact meaning and significance of the bureau of statistic's figures on unemployment compared with the figures collected by the Department of Labour.

Mr. Churchill: An official from the bureau is coming down.

Mr. Pearson: The reason I ask, and it should be obvious, is that there are two sets of figures as we all know and over the years there has been confusion inside and outside the house as to the relationship between the two and what they stand for, the registrations for unemployment assistance of the Department of Labour and the bureau of statistics sort of random sample compilation. Perhaps this would be a good opportunity to clear up any confusion that may exist as to the relation between the two.

Mr. Churchill: The Leader of the Opposition has raised a question of very considerable importance because over the years some people have been a bit confused by the two sets of figures produced dealing with employment or unemployment. The head of the dominion bureau of statistics has studied this problem with painstaking care and has prepared a report which I think he has now attempted to bring to the attention of one government or another on three different occasions. I believe that before my hon. friends altered their position this report was on the verge of being considered. It was brought to my attention last winter and because of other circumstances we did not have the opportunity then to give it the attention that it deserved. I have been considering asking Mr. Duffett, the head of the bureau, to bring the report forward again. I think that this report, based on his experience and that of his assistants might, if it meets with approval, solve this rather difficult problem. If my hon. friend will leave the matter there, I hope before very long to be able to report to him that we are making some progress along that line.

Mr. Pearson: I appreciate what the minister has said and also the desirability, if it can be done, of consolidating the methods and procedures and results of the efforts to clarify the situation with regard to unemployment and, indeed, employment statistics. If anything can be done in that regard, if a consolidation of that kind can be made, I am sure it will be very helpful. But in the meantime, as this is not likely to be accomplished for some time and two sets of reports will be coming out within the next few weeks, can the minister give the committee some indication of the basis of establishment that the bureau of statistics uses? It would surely be of value at this time if he could do that.

Mr. Churchill: About 600 enumerators canvass 30,000 households every month and base their calculations upon their findings as they interview these households.

Mr. Pearson: Then the basis is about 30,000 households in Canada. They are used as samples and on the basis of the information received from these 30,000 sample households across the country the figures that we get from the bureau of statistics on unemployment and employment are established?

Mr. Churchill: I might add that it is based on the most modern scientific methods of making calculations from sampling.

Mr. Pickersgill: The minister has now occupied his present post for a year and during that year there has been a good deal of discussion of the question of employment and unemployment in various contexts. I assume he has satisfied himself that this is the best way to calculate employment and unemployment and that this is the most accurate reflection possible of the degree of employment and unemployment that we have in the country at this time.

Mr. Churchill: This method of calculating employment has been in use for the last 13 years. It is the method available at the moment. I am not prepared to say that it is the best or that it might not be subject to improvement.

Mr. Pickersgill: If I may pursue the matter for a moment, the minister will recall that when he and his friends were on this side of the house they disparaged these figures at all times and always used as unemployment figures the figures compiled by the unemployment insurance commission of the number of persons registered as looking for jobs. I take it from what the minister has said now that, since he moved across the house, he has changed his view and he now regards these figures as the proper figures to be used to reflect employment and unemployment.

Mr. Churchill: And the members opposite may in their turn adopt the other set of figures and, of course, the hon. member for Essex East has his own compilation which he gives to the house from time to time.

Mr. Pickersgill: I might say that I have always been very scrupulous in using the figures given by the bureau of statistics in any public statements I have ever made, but I was anxious to find out whether the minister, who, with his friends, including his leader, was very critical of these figures when he sat over here, disparaged them at all times and suggested that they were more or less political figures, now has a different view of them.

Mr. Chevrier: Will the minister explain the difference between the manner in which these figures are prepared or compiled and the manner in which the figures are prepared or compiled by the Department of Labour through the unemployment insurance commission?

Mr. Churchill: They measure two different things. I think I answered a question along this line in the last parliament.

The second figure is based on our people who are registering for unemployment insurance. It is quite a different type of calculation.

Mr. Chevrier: Nonetheless, the bureau of statistics comes out with both sets of figures, does it not?

Mr. Churchill: It appears in a joint release from the dominion bureau of statistics.

Mr. Chevrier: When are the figures released for each month? Is there a check date either at the beginning, the middle or end of the month on which this release is made?

Mr. Churchill: Approximately in the third week of the month.

Mr. Chevrier: Following that up, why is it that in the course of the last several months, in a period of five or six months within the last twelve months, the figures were not available to members of parliament? I know that on several occasions questions were asked on orders of the day as to the reason for the delay. I am referring not only to the figures that are published by the minister's department but also to those that are compiled by unemployment insurance. I wondered why the delay did take place because I know that sometimes my release did not arrive in the third week of the month.

Mr. Churchill: I know of no delay in the publication of these statistics by the dominion bureau of statistics. My hon. friend is referring also to those which come out from the Department of Labour, and for which I have not any responsibility.

Mr. Chevrier: Yes, I know the minister has no responsibility for them, but he said earlier that the bureau of statistics publishes both sets of figures in a joint statement. My complaint was that there had been delays in recent months.

Mr. Churchill: Just to make it clear, when I said there had been no delay in the publication of this document by the dominion bureau of statistics I should have indicated quite clearly that was the joint release dealing with the two sets of figures.

Mr. Chevrier: This is the third week of the month of July, and we have not yet received the figures for this month.

Mr. Churchill: According to my book, the third week starts on the 21st, which is next week.

Mr. Pickersgill: Surely the minister means the fourth week; three weeks have elapsed by the 21st. If you divide seven into 21, you get three.

Mr. Churchill: The 1st of July was on a Tuesday, so I presume it will be out on Monday or Tuesday.

Mr. Chevrier: Does the minister know whether it will be out? Can an officer of the department say whether it will be out on Monday or Tuesday?

Mr. Churchill: There is no fixed day or date and variations occur because of holidays and unforeseen events. But by and large, this report comes out sometime during the third week of each month.

Item agreed to.

404. Statistics, including contributions as detailed in the estimates, the expenditure for these not to exceed the amounts shown unless otherwise approved by treasury board, $6,953,099.

Mr. McGee: I wonder if I might ask the minister to comment on a statement attributed to Mr. Gilbert Jackson in the *Globe and Mail* during last winter. I do not have the date, but I shall read a part of the statement:

I represented the 101,000 persons, in the first of these three categories—

That is the category he denotes as frictionally unemployed.

—as an almost irreducible minimum, even in the busiest season of the most prosperous year.

I want to know if, in fact, 100,000 is the figure of the irreducible minimum in that category as confirmed by the dominion bureau of statistics.

Mr. Churchill: This question is a bit difficult because the 100,000—could that be related to a percentage of the total figure being considered—in relation to 500,000 would be quite different from relating it to a million or more.

Mr. McGee: The statement is that the figure of 100,000 represents an irreducible minimum even in the busiest season of the most prosperous year. There will be this number of persons between jobs or what is termed "frictionally unemployed".

Mr. Churchill: There will be a number of people unemployed at certain times, people changing jobs or for other reasons. Whether or not you could categorically set that number of 100,000, is not information that we have available at this moment. I shall refer my hon. friend's question to the dominion bureau of statistics because it happens to be a very important inquiry into statistical surveys.

Item agreed to.

Board of grain commissioners—
406. Administration, $174,016.

Mr. Argue: Under the item for the board of grain commissioners I want to raise with the minister the question of an increase in the handling charges on grain being granted this year. The chairman of the board of grain commissioners, Mr. Roy Milner, has stated publicly that he expects a drive by the elevator companies to have the handling charges on grain increased. He says that one of the contributing factors is the likelihood of a light crop in certain areas. I rise to express the strongest possible objection to any increase in handling charges on grain being allowed this year.

I believe this is the most appropriate place to raise this question because, not only is the matter of handling charges within the jurisdiction of the board of grain commissioners, but following a judgment of the board of grain commissioners the government has the power to alter that decision. As a matter of fact, I think it goes even farther. I think the government has to approve the decision before it becomes effective. I base my objection to any increase in handling charges mainly on the ground that the prices to producers of wheat, oats, barley and other grains are already too low. It would be a very bad thing, therefore, for wheat producers if there were to be any further reduction in the prices at this time. I am not convinced that, from the standpoint of the elevator companies, they need an increase in rates or that they are justified in asking for an increase in handling charges. In travelling about western Canada one sees at the present time a whole rash of brand new elevators being constructed. When the country was opened up, elevators used to hold 25,000 bushels or 35,000 bushels of grain. Now the capacity has been doubled or tripled in comparison with that of the small elevators. These elevators, of course, are the property of the elevator companies but they are paid for either by the producers out of the proceeds that the producers would otherwise receive or directly from the national treasury through an item that is to be discussed a little later. This very rapid increase in elevator facilities, a very expensive expansion, is in my judgment an indication that the elevator companies are already making a sufficient profit at the current handling rate.

Mr. Chown: It helps unemployment.

Mr. Argue: I am all for helping unemployment. If you would pay some deficiency payments to the farmers, you would go even further in helping unemployment. I am going to deal with that matter a little later on. I hope the government will oppose an increase on tariffs on grain as it opposed the increase in freight rates in recent months. I hope the government will use the power it has to veto any increase that might be recommended; I hope the present chairman of the Canadian wheat board, Mr. W. C. McNamara, will follow the excellent precedent set for him by the former chairman of the wheat board Mr. George McIvor who himself intervened, when an application was before the board of grain commissioners, to recommend against such an application being granted. I think the wheat board was wise, being the sole marketing agency for wheat and other grains, in the interests of producers to appear before the board of grain commissioners and to recommend against any increase in handling charges. I ask the minister what information he can give the committee on this point. From his appearance when I was making my remarks, I took it that he is opposed to an increase in handling charges. I am not endeavouring to misinterpret him at all. He has not said anything yet. We have to be careful these days.

Mr. Churchill: I am in agreement with you for once.

Mr. Argue: I am glad to hear the minister say that. If he can now expand that a little and give us, and in particular the grain producers, the assurance that there will be no increase in handling charges, I am sure they will all thank him for his statement.

Mr. Churchill: I am not going to go that far at this time until I receive a communication from the board of grain commissioners setting out all the facts in the case. But I am in agreement with the hon. member as to using every possible measure at our disposal within reason to keep costs down in

so far as our grain carrying charges are concerned and at the same time to increase the return to our producers.

Mr. Argue: I thank the minister for that statement. Knowing his usual frankness, I am quite sure that is ample assurance that there will be no increase in handling charges or that, if there is, the increase will not be taken from the pockets of the very hard-pressed grain producers.

I now come to the question of box car distribution which is a matter concurrently, I believe, in a legal way under the jurisdiction of the Canadian wheat board. The Canadian wheat board, by means of shipping orders and by its contact with the railways, now allocates box cars amongst the elevator companies at the various railway points. The board of grain commissioners also has some jurisdiction in this field since the car order book provision is in the Canada Grain Act.

We have all been interested in the sittings of the Bracken royal commission on box car distribution and allocation. There was a report some weeks ago—which we were all sorry to read—that Mr. Bracken was not in the best of health and that he might be obliged to suspend for some time some of his activities in connection with this royal commisson. I am wonderng whether the minister can tell us at what stage the royal commission is now and when a report is likely to be received.

Before he does that, I want to say that the producers of western Canada have taken a tremendous interest in this royal commission. Whenever the royal commission has held public hearings at various places across western Canada there have been dozens of submissions and at most places where hearings were held hundreds of people appeared at those hearings. When the commission appeared at the city of Weyburn in my own constituency over 900 people came to the hearings. A few of them, of course, represented private elevator companies but by far the great majority of people at those hearings were producers themselves.

The producers are completely fed up with the system that now and for a number of years has forced them to deliver grain to any elevator that had space, whether or not they wished to patronize that elevator as a first choice. Another reason why so many people appeared before the royal commission, in my opinion, is the fact that grain producers are very much disturbed about the grain situation and are taking a more active interest in government policy in this regard than they have taken in many years. I think it is almost fantastic that, in a small city like Weyburn, at one of these public hearings you would have many hundreds of grain producers appearing to suggest to the royal commission a fair system of box car allocation. I wonder whether the minister can say when the report is likely to be received and whether any action is likely to be taken on such report during the present session.

Mr. Churchill: The inquiry being made into box cars and being conducted by Mr. Bracken has gone along very well indeed. I should like to reassure my hon. friend that Mr. Bracken is in good and vigorous health and has been pursuing his duties with that intense interest and attention that he always shows on matters of this kind on which he is particularly competent because he has conducted so many inquiries and investigations over the course of a long and active political career. It was at his suggestion that public hearings were held in the three prairie provinces so that farmers would have an opportunity of expressing their opinions concerning box car distribution. As has been pointed out, those meetings have been well attended and I think have proved to be very satisfactory. In other words, it meant that we were not doing something without the knowledge of the farmers as a whole and they have appreciated that fact very much. The inquiry is reaching a conclusion and Mr. Bracken informed me some days ago that he hoped to be able to report to me before the end of July.

Mr. Argue: I thank the minister for his statement. I am pleased to learn that Mr. Bracken is in good health and that his report will be made available to the minister by the end of July. I wonder whether the minister has any knowledge at this moment as to Mr. Bracken's recommendations even in a general way. I am wondering if he could tell the house whether or not action by parliament will be required during the current session on the assumption that his report is received by the end of this month.

Mr. Churchill: I have no knowledge of what the report will contain. If action by parliament is required we will endeavour of course to take action immediately.

Item agreed to.

Item 406 agreed to.

407. Inspection and weighing of grain, and related services, $4,303,362.

Mr. Argue: Mr. Chairman, there has been a good deal of interest in the matter of measuring and weighing grain. As the minister well knows, grain is now weighed on a bushel basis, the weight for wheat being 60 pounds to the bushel, and there is a growing belief that the unit should be changed to

a hundredweight. I am wondering if any action is contemplated in this regard at an early date. I may be conservative in this respect—

Some hon. Members: Hurrah.

Mr. Argue: —as I have not yet been sold on the advantage of such a change but I quite frankly admit I may be wrong because many people in the grain trade seem to think there would be many advantages in adopting the hundredweight as the unit. I am sure that producers generally would be very interested to know what is the government thinking in this regard and particularly what the board of grain commissioners are likely to recommend.

Mr. Churchill: I have had no word from the board of grain commissioners along this particular line, but in view of the fact that the report was referred to the committee on agriculture today in accordance with the request of my hon. friend, as well as the report of the Canadian wheat board, perhaps these subjects could more properly be dealt with when the representatives of the wheat board and the board of grain commissioners appear before that committee. I presume that will be arranged in about two weeks' time, which I hope will accommodate my hon. friend.

Item agreed to.

410. International economic and technical co-operation branch, including the administration of the Colombo plan and of certain United Nations co-operation plans, $399,017.

Mr. Argue: I am interested in the special item in connection with the payment of carrying costs of temporary wheat reserves which in 1957-58 were listed as having been $33 million while this year the cost is listed as likely to be $40,080,000.

I would like an explanation from the minister as for the reason for the increase which undoubtedly means there will be a greater surplus on July 31 than there was in the previous July in the hands of the elevator companies themselves.

While on this particular item, since it is an item from the treasury, could the minister add anything to his statement of Tuesday evening last having to do with deficiency payments when he said he hoped there would be an answer before many days. I will not read all the remarks of the minister unless he insists but he did say he hoped the answer would be given before many more days had passed.

I wonder if the minister could now say whether the government has now made a decision on deficiency payments or, if such a decision has not yet been made, when the producers can look for a decision.

I am sure the minister will accept my word when I say I am not sponsoring or promoting a mass delegation to Ottawa but I cannot help reading the newspapers and I have seen reports that farm organizations have scheduled August 1 as the last day until which they will wait for a reply from the government before taking action with respect to their mass delegation. As I say, I cannot be held responsible for such statements but I would like to know from the minister whether an announcement will soon be made, because the producers are very anxious to know the government policy.

I am hoping the answer will be favourable in spite of the many arguments raised even by the minister himself against deficiency payments, one of which was that it is difficult in Canada to provide deficiency payments since we are an exporting country and since most of the countries or all of the countries—I am not sure which way he put it—making deficiency payments are importers of wheat.

The minister knows that the United States is one of the major exporters of wheat and in some recent years when it has been the world's leading exporter of wheat it has paid from its national treasury a very substantial subsidy to grain producers. The figure as to the United States price for wheat contained in the Saskatchewan wheat pool brochure, which was printed in June of this year and which the minister has received, shows the United States set price to producers at $2.10 per bushel. It lists the various prices for wheat paid by many other countries, including the United Kingdom at $1.83, Austria at $2.50, Australia at $1.53, Belgium $2.50 and so on.

Canadian wheat producers received the lowest price paid to any wheat producers in a major wheat-producing country while, as the minister well knows, they operate in a very high-cost economy. Month by month their position steadily worsens and I am hoping the minister will announce a favourable decision by the government to make deficiency payments in line with the requests of farm organizations.

Some money is being paid from the national treasury into the wheat board account which in turn results in the price for wheat being maintained at a figure higher than would otherwise be the case. I know the producers are very grateful for the $4 million contained in the estimates, but I am sure if the government decided upon a deficiency payment it would have no trouble at all in selling it to other parts of Canada. I am quite certain that if the government announced such a deficiency payment on western grain there would not be a single

member on the government side who would voice any objection whatsoever. I am sure of that, although I am not too sure that the official opposition might not have one or two mavericks on this point because we know they had some in the past. I am positive, however, that the official position of the Liberal party would be in support and that that position would be supported by nearly all its members.

We in this group very strongly believe that agricultural producers, as all others, should be able to earn a living in keeping with the general Canadian standard, and I would ask the minister when he expects the government will arrive at this long-awaited decision. I can tell from the correspondence I am receiving and from people I have visited in recent weeks that there is great expectation in this regard in the three prairie provinces.

They are anxiously awaiting a government decision and I hope the minister can inform the house that a decision will be reached very shortly.

Mr. Churchill: We had an exchange of opinion the other day on the subject of deficiency payments and I stated then that I hoped to be able to make an announcement in the course of a few days. At that time I inaccurately assumed the estimates of the Department of Trade and Commerce would be completed on Friday. I have lost, perhaps, a day and a half which might have been spent in grappling with this problem which loomed so large in the minds of a great many people.

I hope the threat of a mass movement on Ottawa scheduled for August 1 is nothing more than newspaper speculation, and I hope the responsible people in the prairie provinces in this period of grave international tension will not contemplate any such descent on Ottawa and the government. As I said the other night, we are dealing with this problem—it has a priority rating—and I suggested in the course of my remarks that a comprehensive farm program aimed at raising the income of western agriculturists might be of greater value than a large deficiency payment. However, I can assure the hon. member that it will not be many days before some announcement is made in accordance with the desire of so many people.

Now with regard to the item in the estimates dealing with wheat reserves, and the suggested $40 million put aside for that purpose, that, of course, is an estimate which might not be reached. It represents an increase over last year, and the increase results from an 11 million bushel storage beyond the previous year because of new storage capacities and a shift in the proportion of oats and barley to wheat. It is also caused partly by increased carrying charges. The storage rate was raised to 1/30 of a cent per day, an increase of 12 per cent over the previous figure, and in the calculations which have been made it seemed wise to estimate for $40 million rather than $33 million. Of course, the carrying charges are paid on the excess quantity of wheat that the board has in storage beyond the 178 million bushels set out in the statute.

[Mr. Argue.]

The Acting Chairman (Mr. Nielsen): The item under discussion is item 410—a special item, "international economic and technical co-operation branch, including the administration of the Colombo Plan and of certain United Nations co-operation plans."

The item that has been under discussion—wrongly, I feel—by both the hon. member for Assiniboia and the Minister of Trade and Commerce is listed on page 74 of the estimates as a statutory item. This item is there as information, being an item passed under the provisions of chapter 2 of the statutes of 1956, and in my opinion it should not be discussed but, rather, item 410 as I read it at the beginning of my remarks should have been the item under discussion.

Mr. Speakman: Mr. Chairman, with your permission and the permission of the committee I should like to correct an impression left by the hon. member for Assiniboia.

The Acting Chairman (Mr. Nielsen): I have already ruled on this matter, and the item that should be under discussion now is item No. 410.

Mr. McIlraith: On item 410 I wish to ask one or two brief questions. First, is the minister able to give me information as to the details of the proposed expenditure for this Colombo plan, or is that more properly discussed under the estimates of the Department of External Affairs?

Mr. Churchill: That comes under external affairs.

Mr. McIlraith: Then I wish to direct one or two questions on details of vote 410. If the minister will look at page 533 where the details of the estimates are set out, he will find a new item this year under the heading "professional and special services" amounting to $108,000. Then, a little further down, there is a new item under the heading "Acquisition and maintenance of furniture for residences abroad" amounting to $4,000. Would the minister give us a brief explanation of what those items are?

Mr. Churchill: The amount of $108,000 under "professional and special services" is to provide for technical advice, supervisory and administrative services provided for by Defence Construction Limited in connection with the Colombo plan operations as authorized by treasury board minute No. 51837 of July 5, 1957. This expense was previously borne by Defence Construction Limited as part of its budgeting costs but it has been transferred to this particular section.

Mr. McIlraith: Would it be fair to assume that it does not represent a new activity?

Mr. Churchill: No, it is for inspection and administrative services under the Colombo plan supervisory service which formerly appeared under that other heading, Defence Construction Limited. The second part of the question had to do with the acquisition and maintenance of furniture for residences abroad. This is in anticipation of the possibility of sending three field officers abroad in connection with Colombo plan administration, and the difficulty that always faces people living abroad is the problem of residences and the acquisition of furniture, its maintenance and so on, and this vote has been provided for that purpose.

Item agreed to.

General administration—

622. Departmental administration—further amount required, $20,000.

Mr. Herridge: Mr. Chairman, may I ask the minister a question with respect to an answer he recently gave to the hon. member for Assiniboia to ascertain exactly what he meant. When referring to deficiency payments the minister said an announcement would be made in a few days in accordance with the desires of so many people. That statement can be taken two ways. Does he mean an announcement will be made according to the desires of many people or does he mean that according to the desire of so many people for deficiency payments? I was not quite clear on that.

Mr. Churchill: Mr. Chairman, my hon. friend is completely out of order, of course, because he is dealing with an item which the chairman declared should have not been discussed. I believe that the hon. member's ingenious brain working on that problem over the weekend will find a satisfactory solution.

Item agreed to.

Dominion bureau of statistics—

625. Statistics—further amount required, $559,965.

Mr. Churchill: Mr. Chairman, may I make a correction here. When we were speaking about the publication of statistics dealing with unemployment and so on we spoke about these reports coming out in the third week of every month. I believe I repeated that statement two or three times. I have now been informed by message that we should have said the reports appear in the fourth week of each month.

Mr. McIlraith: This item refers to the expenses in connection with the 1958 survey of farm income and expenditure. I wonder if the minister would explain a little more fully about this supplementary estimate of $559-odd thousand? How frequently is the survey of farm income taken?

Mr. Churchill: This is a new expenditure based on the demand for more accurate information concerning farm operating expenses and farm family income in order that the bureau may use that as a basis for improving the index numbers of prices paid to farmers and the estimates of net income of farm operators and their families. This is one field in which it was felt that the statistics were not as accurately assembled or assembled in the quantity desired in order to provide information concerning agricultural problems. Consequently this survey is now being undertaken by the bureau. I believe it will meet a very great need because we are always encountering the problem of cost and income in so far as agriculture is concerned.

Item agreed to.

Board of grain commissioners—
(Canada Grain Act)—

626. Inspection and weighing of grain and related services—further amount required, $45,000.

Mr. McIlraith: Mr. Chairman, I have a question on this item and my remarks are also applicable to item No. 627. I understand that we are in no way restricted in our discussion in the committees by the fact that these estimates relating to the wheat board and the board of grain commissioners have been passed. I wonder if the minister would merely confirm that?

Mr. Churchill: Yes, I will be pleased to confirm that.

Item agreed to.

Special—

627. To reimburse the Canadian wheat board for the loss incurred by it on its operations under the Canadian Wheat Board Act in respect of oats for the crop year that commenced on the 1st day of August, 1956, and ended on the 31st day of July, 1957, $2,145,000.

Mr. Argue: Mr. Chairman, this item is a special one to reimburse the Canadian wheat board for the loss incurred by it on its operations under the act in respect of oats for the crop year which commenced August 1, 1956 and ended on July 31, 1957. I wonder if the minister could tell the committee what the loss was per bushel on oats handled in that crop year? I also wonder if he could tell us whether the current selling prices for oats and barley would indicate that another deficit might occur during this crop year. If there is a deficit, of course, then there will have to be a further supplementary estimate next year. Most estimates are for an expenditure that is likely to occur. There is no item in the estimates for a loss in the oats or barley pools this year but as the minister knows the selling prices are near the set prices, particularly for feed grains. I am sure that producers would like to have some comment from the minister as to whether there are likely to be payments out of these pools another year or whether parliament is likely to be called on to compensate for a deficit?

Mr. Churchill: Mr. Chairman, I think it would be discouraging indeed to the producers if I said that we were anticipating a deficit next year. I take a much more optimistic approach than that which I commend to my hon. friend. We are not anticipating any deficit at all next year for either wheat, oats or barley.

As I reported from time to time during the course of the last crop year the oats pool was in some difficulty. Barley was, too, for a while but recovered and, of course, we have done well with wheat. This item covers the deficit which was incurred in the oats pool and is another instance of governmental action in supporting prices. I believe that further consideration of this and the standing of various pools and the prospects for the future might be discussed when the members of the wheat board are here in two week's time.

Mr. Argue: Can the minister say how much it is per bushel?

Mr. Churchill: No.

Item agreed to.

Mr. Speakman: Mr. Chairman, I rise on a question of privilege. I should like to correct the impression left by the hon. member for Assiniboia. During the four days the representatives of the farmers' unions were in Ottawa it was my privilege and pleasure to have lengthy discussions with many responsible members of that delegation. At no time in any way did they indicate that a march upon Ottawa was to occur and those to whom I spoke were, I believe, some of the more cool headed members of that delegation.

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

BUSINESS OF THE HOUSE

Mr. Pickersgill: Mr. Speaker, I wonder if I could ask the minister who is leading the house at the moment about the business for Monday and Tuesday of next week. It was indicated by the government leader on Thursday evening. Is it unchanged from that?

Mr. Fleming (Eglinton): It is unchanged, Mr. Speaker.

Mr. Pickersgill: I did notice in *Hansard* what I think is a misprint which occurs in the last line on page 2358. It is indicated there that it is the intention to take the budget resolution and I presume the word "resolution" should be plural?

Mr. Fleming (Eglinton): Yes, there is more than one yet, Mr. Speaker.

Mr. Pickersgill: And is it intended to go on with as many as possible of them on Tuesday?

Mr. Fleming (Eglinton): Yes, I hope we can clean them all up in a hurry.

Mr. Speaker: Before announcing the adjournment of the house until 2.30 on Monday may I remind hon. members again that the address by the Prime Minister of Ghana will be at 11.00 a.m. on Monday in this chamber.

At six o'clock the house adjourned, without question put, pursuant to the order of the house passed on July 14.

ANSWER TO QUESTION

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

URBAN POSTAL SERVICE

Question No. 152—**Mr. Argue:**

1. What urban centres in each province with 3,000 points of call or less are receiving letter carrier delivery service of their mail?

2. How many points of call are there in each case?

Answer by: **Hon. W. M. Hamilton (Postmaster General):**

1 and 2. Post Office	Points of call
Grand Falls, Nfld.	902
Amherst, N.S.	2,640
Kentville, N.S.	1,758
New Waterford, N.S.	2,879
Yarmouth, N.S.	2,275
Bathurst, N.B.	2,548
Campbellton, N.B.	2,004
Edmundston, N.B.	2,664
Arvida, P.Q.	2,500
Asbestos, P.Q.	2,738
Lachute, P.Q.	2,678
LaTuque, P.Q.	2,500
Noranda, P.Q.	2,457
Riviere du Loup, P.Q.	1,963
St. Therese de Blainville, P.Q.	2,848
Val d'Or, P.Q.	2,346
Agincourt, Ont.	2,800
Cobourg, Ont.	2,338
Collingwood, Ont.	2,384
Fort Erie, Ont.	2,750
Fort Frances, Ont.	2,004
Kenora, Ont.	2,275
Leamington, Ont.	2,597
Midland, Ont.	2,289
Newmarket, Ont.	2,403
Port Hope, Ont.	2,369
Renfrew, Ont.	2,300
Rexdale, Ont.	2,985
Simcoe, Ont.	2,369
Smiths Falls, Ont.	2,787
Flin Flon, Man.	2,541
Transcona, Man.	2,523
North Battleford, Sask.	2,332
Yorkton, Sask.	2,624
Dawson Creek, B.C.	2,600
Prince Rupert, B.C.	2,659
White Rock, B.C.	2,650

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

DEPARTMENT OF TRADE AND COMMERCE

General administration—

391. Departmental administration, $739,086.

392. Commodities services, including fees as detailed in the estimates, the expenditure for these not to exceed the amounts shown unless otherwise approved by treasury board, $862,368.

Question

Trade commissioner service—

393. Administration and operation, $3,469,927.

394. Acquisition or improvement of buildings, land, equipment and furnishings, $146,000.

395. Trade information, $293,415.

396. Economics Branch, $274,021.

397. International trade relations branch, including a fee of $6,000 to the international customs tariffs bureau, $204,248.

Exhibitions—

398. Exhibitions generally, $641,333.

399. Canadian participation in the Brussels universal and international exhibition 1958, $709,628.

Standards branch—

400. Administration, including the standards laboratory and administration of the Precious Metals Marking Act, $296,230.

401. Electricity and gas inspection services, $976,301.

402. Weights and measures inspection services, $1,063,212.

Dominion Bureau of Statistics—

403. Administration, $218,443.

404. Statistics, including contributions as detailed in the estimates, the expenditure for these not to exceed the amounts shown unless otherwise approved by treasury board, $6,953,099.

405. Census, including a contribution as detailed in the estimates, the expenditure for which not to exceed the amount shown unless otherwise approved by treasury board, $573,436.

Board of Grain Commissioners—

(Canada Grain Act)—

406. Administration, $174,016.

407. Inspection and weighing of grain, and related services, $4,303,362.

Canadian government elevators—

408. Operation and maintenance, including authority to purchase screenings, $1,532,047.

409. Construction or acquisition of buildings, works, land and equipment, $150,976.

Special—

410. International economic and technical co-operation branch, including the administration of the Colombo plan and of certain United Nations co-operation plans, $399,017.

411. To provide, notwithstanding anything in the Financial Administration Act or any other act or law, for payment during the current and subsequent fiscal years, to Amy E. Simpson, a former locally-engaged employee, of a pension at an annual rate of SA£252, notwithstanding that payment may exceed or fall short of the equivalent in Canadian dollars, estimated as of January, 1958, which is, $700.

412. To provide, notwithstanding anything in the Financial Administration Act or any other act or law, for payment during the current and subsequent fiscal years, to Claire Roquier, a former locally-engaged employee, of a pension at an annual rate of $300, $300.

413. To provide, notwithstanding anything in the Financial Administration Act or any other act or law, for payment during the current and subsequent fiscal years, to Thomas Davis, a former locally-engaged employee, of a pension at an annual rate of Jamaican £258, notwithstanding that payment may exceed or fall short of the equivalent in Canadian dollars, estimated as of January, 1958, which is, $718.

Supply—Items Passed

511. To provide, subject to regulations of the treasury board, for working capital advances in the current and subsequent fiscal years to posts and employees on posting abroad, and to authorize the creation of a special account in the consolidated revenue fund to which shall be charged such advances and to which shall be credited expenditure made by and advances recovered from the said posts and employees, the excess of the amounts charged over the amounts credited to the account at any time not to exceed $300,000 of which $200,000 was provided under vote 657 of the Appropriation Act. No. 2, 1952, and a further amount of $50,000 provided under vote 588 of the Appropriation Act No. 2, 1956, $50,000.

General administration—

622. Departmental administration—further amount required, $20,000.

Trade commissioner service—

623. Acquisition or improvement of buildings, land, equipment and furnishings—further amount required, $15,000.

Exhibitions—

624. Exhibitions generally—further amount required, $80,000.

Dominion bureau of statistics—

625. Statistics—Further amount required, $559,965.

Board of grain commissioners—

(Canada Grain Act)—

626. Inspection and weighing of grain and related services—further amount required, $45,000.

Special—

627. To reimburse the Canadian wheat board for the loss incurred by it on its operations under the Canadian Wheat Board Act in respect of oats for the crop year that commenced on the 1st day of August, 1956, and ended on the 31st day of July, 1957, $2,145,000.

HOUSE OF COMMONS

Monday, July 21, 1958

The house met at 2.30 p.m.

EXTERNAL AFFAIRS

MIDDLE EAST—STATEMENT BY PRIME MINISTER

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, with the leave of the house I should like to make a statement with regard to the international situation.

Mr. Speaker: Has the Prime Minister leave to proceed with the statement?

Some hon. Members: Agreed.

Mr. Diefenbaker: As I said in the house on Saturday, the United Nations security council failed at its last meeting to adopt any of the three resolutions which were before it concerning the situation in Lebanon and Jordan. The Secretary of State for External Affairs returned to Ottawa on Saturday evening and over the week end he reported on his discussions with the British foreign secretary, Mr. Selwyn Lloyd; the Secretary of State of the United States, Mr. Dulles; Mr. Hammarskjold and others.

I know that members of the house will appreciate the fact that it would not be fitting or helpful at this very anxious time to disclose the views expressed in those discussions. I should add, relative to the answer I gave on Saturday last to a question asked by the Leader of the Opposition, that the Secretary of State for External Affairs made known in his discussions the opinion of the Canadian government that no military activity should be undertaken by any nation in any place beyond Jordan and Lebanon.

In addition, the week end has witnessed the publication of a Soviet proposal on the Middle East, namely a proposal for a meeting of the heads of government of the United States, the United Kingdom, France, India and the U.S.S.R., with the participation of the Secretary General of the United Nations. This initiative came against the background of Soviet and Bulgarian troop manœuvres on their southern borders.

I need hardly tell the house that, the situation having already reached critical proportions, such a proposal is bound to have a considerable impact on the thinking of people everywhere.

Much of the language in which the Soviet invitation is couched is so provocative in tone that it tends to add yet another complicating factor at an already very serious moment in world affairs by tempting the rejection of the invitation on the ground of its not being genuine. Tensions have, however, reached such a stage that every opportunity should be explored to discuss the causes of tension in the interests of heading off the possibility of war.

President Eisenhower has said more than once that he is ready to meet with the Soviet leaders if a meeting would contribute to the cause of peace. As I stated in this house last November, I still believe that no nation should or dare shut the door on any matter that offers the prospect of any solution or even a diminution of international tensions. In view of the recent developments in the Middle East I believe that the problem of that region should be discussed at the highest level, and that such talks should be held as soon as possible because of the present perilous situation, the urgency of which has been so greatly intensified by the developments of the last few days.

In this very explosive situation, in the interests of assuring that the international temperature be not increased, the Canadian government would expect that the status quo be maintained in the region of the Middle East, and would welcome from all the countries concerned assurances such as those which were given by Prime Minister Macmillan in respect of Iraq in the House of Commons at Westminster on July 17, in particular that all members of NATO will exercise the greatest caution in national action which might involve the alliance as a whole. In the meantime we should all continue to co-operate in the discussions now being carried on at the United Nations, having as their objective the solution of those problems of which the United Nations is now completely seized.

The council meets again today to consider a compromise Japanese proposal on Lebanon, and for the purpose of the record I think I should refer to that motion, which is as follows:

1. The security council, having heard the charges of the representative of Lebanon concerning the interference of the U.A.R. in the internal affairs of Lebanon and the reply of the U.A.R., invites the UNOGIL to continue to develop its activities pursuant to the security council resolution of June 11, 1958;

2. Requests the secretary general to make arrangements forthwith for such measures in addition to those envisaged in the resolution of June 11, 1958, as he may consider necessary in the light of the

present crisis with a view to enabling the United Nations to fulfil the general purposes established in that resolution and which will, in accordance with the charter, serve to ensure the territorial integrity and political independence of Lebanon so as to make possible the withdrawal of U.S. forces from Lebanon;

3. Requests the secretary general to report to the security council on the arrangements made;

4. Calls upon the governments concerned to co-operate fully in the implementation of this resolution.

I think Canadians will all agree that during the last few days the Secretary of State for External Affairs, both in Washington and New York, has earned for this country the tribute of representatives of other countries as a result of the skill and ability he has shown during the discussions in both those cities.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: After discussing the whole situation with him at great length yesterday I suggested that, while he has responsibilities in the house, it might be well for him to go to New York to take personal charge of the Canadian delegation during the debate before the security council.

With regard to the present I would like to go further than I am able to go, but I would like to tell the house and the country that this government, I feel with the approval of the Canadian people as a whole, is doing everything it possibly can to bring about an agreement between the nations of the free world whereby constructive action may be taken promptly. I do not want to overemphasize the gravity of the situation, but at the same time I do not want to understate it. For that reason I want the house and the country to know that there are no hours today in so far as the Secretary of State for External Affairs, myself and other members of the cabinet are concerned. We are trying to do our part, as a country which has no direct interest, to bring about a solution which is reasonable, in accordance with the principles laid down in the United Nations charter and within the ambit of that charter.

Over the week end I personally addressed urgent messages to the Prime Minister of the United Kingdom, to the Prime Minister of India and to President Eisenhower, suggesting that there be a positive and immediate response to the Khrushchev message. The suggestions made are now being considered in the various capitals as well as, I hope, in the NATO council in New York.

It would be less than proper to spell out those suggestions, but I can say this: that in the light of what I said earlier we believe that a meeting is necessary at top level, and I feel, too, that the United Nations security council in session offers possibilities on which I will not elaborate at this time.

[Mr. Diefenbaker.]

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, the house will have heard with great interest and, I think, understanding, the statement of the Prime Minister on a situation which in the words of the Secretary of State for External Affairs —and I do not think it was an overstatement—is grave, though not, as he put it, critical.

I can speak only for hon. members of my own party, but we certainly hope to give the Prime Minister, the government and particularly the Secretary of State for External Affairs, full support in all the efforts they are making for peace and stability in the Middle East on behalf of a country which is a member of the United Nations, because as signatories to the United Nations charter we have all of us obligations for furthering peace and stability in the world.

I can appreciate the pressure both physical and mental under which the Prime Minister, the Secretary of State for External Affairs and their colleagues are working at this time, having had some experience with that kind of pressure myself. I entirely agree with the Prime Minister in the statement he has made and the suggestion, which I understand the government has made to other governments perhaps even more directly concerned, that no action should be taken by the governments of the United Kingdom and the United States in present circumstances beyond the borders of Lebanon and Jordan; that they should do what they can to discourage action of that kind from any other quarter, and that they should lend their weight to any policy which would establish the status quo for the time being in this area.

A new development occurred over the week end in the invitation by the head of the Soviet government to the governments of the United Kingdom, the United States, France and India for a summit conference to deal with this particular matter and, as I understand it, to deal only with this particular matter. We have heard at this time with satisfaction that the Prime Minister has already indicated to three of these governments that, in the view of the Canadian government, they should adopt a positive approach to this invitation. He did not mention whether he had sent a message of the kind which he had suggested to London, Washington and New Delhi, to Paris as well, but I assume that has also been done.

In common with other hon. members of parliament I have been asked questions on this subject, and in reply to some of those questions I have said that in my own view

I think it would be most unwise for the three western powers to take a negative stand on Mr. Khrushchev's invitation to a conference. I added that I hoped the Canadian government was urging them not to give this invitation an unqualified refusal, and therefore I heard with pleasure, as I am sure other hon. members heard with pleasure, of the stand taken by the government.

There remains the question of how this invitation can be most effectively dealt with if it is not to be given an unqualified refusal. The Prime Minister was good enough this morning to give me some confidential information on developments, and I appreciate that very much. I indicated to him at that time that I hoped to be in a position this afternoon to ask him a question on this matter, and I confess that in that question I would have expressed my own view as to how this invitation might be dealt with. There will be no opportunity for such a question because orders of the day will not be reached, but perhaps because the Prime Minister has quite rightly brought up the matter I might indicate my own view as to how this particular matter could be treated in the present circumstances and at the present time, as it has to be dealt with quickly.

In view of the Soviet government's invitation for an immediate summit conference on the Middle East crisis, and in view of the reports we have observed in the press that the United Kingdom and United States governments might not find it possible to accept this invitation in the form in which it was extended—and I can certainly understand that in view of the language of the invitation —but in view also of the desirability of not turning down this invitation in any unconditional way, would it not be desirable for the Canadian member at the security council which is meeting at this moment to make a proposal to the effect that the security council should appoint a subcommittee of representatives of the United Kingdom, United States, France and the Soviet union, and by special invitation India, under the chairmanship of the Secretary General of the United Nations to consider ways and means of resolving the current Middle East crisis? This subcommittee could meet, and I hope would meet, immediately at a place to be determined by its chairman, the secretary general, and it could be suggested that the countries appointed to it be represented by their heads of government. That would ensure that the meeting in question would be at the top level of governmental representation, and it would also ensure that the meeting in question would be held under the auspices of the United Nations and indeed under the chairmanship of the Secretary General of the United Nations.

In putting forward this proposal, Mr. Speaker, I realize that the Prime Minister has a great deal of information available to him which is not available to everyone, and he may have considerations in mind and there may be factors he knows about that bear on this proposal. But I should like to put it forward to him for the consideration of the government and possibly for consideration at the United Nations security council, in the hope that this might be a way of dealing with the invitation which would underline that our approach to these matters in the west is not negative, and which indeed might have some kind of constructive result which would assist in removing the shadow of fear and war that hangs over the world at the moment.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, we in this group are glad to note that the government is opposed to extending the political bonanza handed the Soviet union by certain actions taken outside the United Nations. We are also glad to hear of the government's support for summit talks, and the Prime Minister's request for an immediate and positive response to the Khrushchev invitation to those summit talks. We go right along with him; we think it is a most constructive approach to this most serious situation.

Once again, Mr. Speaker, on behalf of this group I want to express our opposition to unilateral action and our continued support of work toward United Nations mediation. Our sincere hope is that mediation will soon result, in the near days ahead, in the announcement by the governments of Great Britain and the United States that they have withdrawn their troops from Lebanon and Jordan.

Mr. Diefenbaker: Mr. Speaker, first I do want to thank the Leader of the Opposition for the unity displayed at this very important phase of international difficulties. I welcome, and this government welcomes, any suggestions that come from him because of his experience, from which none of us will try at any time to detract.

This is a time when we must act positively. This is no time for stagnant thinking based on forms that may have been applicable in the past. It is equally no time for side issues and the making of generalizations that cannot have any effect other than not contributing to a solution of an immediate problem.

Proposed Legislation

The proposal made by the Leader of the Opposition is—and I do not want to spell out, as I said a while ago, the representations made in the personal messages I referred to earlier—very close to a suggestion I made and suggestions that are in mind and are now under consideration. I can assure not only the hon. gentleman but members of the house that every constructive proposal that any hon. member has to offer will be given the most careful and continuing examination.

There is a strength in our democracy and our parliamentary system, and that strength is that in times of difficulty we do not allow partisanship to separate us. We may have differing opinions on the means but never on the objectives. Again I emphasize the assurance that at this time, when a community of counsel is so necessary, the expression of viewpoints by hon. gentlemen will at all times receive the most complete examination, and out of a variety of suggestions one can often bring forth the epitome that will bring about a solution. I shall go no further than that at this time, but again I thank the house for the courtesy shown in making possible this short explanation this afternoon.

PRIME MINISTER NKRUMAH

INCLUSION OF ADDRESS TO BOTH HOUSES OF PARLIAMENT IN PROCEEDINGS OF TODAY

Right Hon. J. G. Diefenbaker (Prime Minister): I should like to ask leave of the house now to move, seconded by the Leader of the Opposition (Mr. Pearson):

That the address of the Prime Minister of Ghana, the Honourable Dr. Kwame Nkrumah, before the members of the Senate and of the House of Commons of Canada in the chamber of the House of Commons this day, together with the introductory and related speeches, be included in the *House of Commons Debates* and form part of the permanent records of this parliament.

Motion agreed to.

[For text of addresses above referred to, see appendix "B", pages 2514-18.]

NATIONAL CAPITAL COMMISSION

CONSTITUTION OF COMMISSION—REPEAL OF PRESENT LEGISLATION

Right Hon. J. G. Diefenbaker (Prime Minister) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

That it is expedient to introduce a measure respecting the development and improvement of the national capital region and in relation thereto—

1. To provide for the constitution of a national capital commission and to repeal the Federal District Commission Act;

[Mr. Diefenbaker.]

2. To provide for the objects, purposes and powers of the commission; and

3. To enact such financial provisions as may be necessary to accomplish the purposes of the act.

Motion agreed to.

CHILDREN OF WAR DEAD ACT

AMENDMENT TO INCREASE ALLOWANCE AND EXTEND BENEFITS

Hon. A. J. Brooks (Minister of Veterans Affairs) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

That it is expedient to introduce a measure to amend the Children of War Dead (Education Assistance) Act so as to extend the benefits of the act to other classes of persons and to increase the allowance that may be paid in certain cases.

Motion agreed to.

FINANCIAL ADMINISTRATION ACT

AMENDMENTS TO AUTHORIZE DELETION OF CERTAIN ACCOUNTS, CLARIFY ISSUE OF GOVERNOR GENERAL'S WARRANTS, ETC.

Hon. Donald M. Fleming (Minister of Finance) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

That it is expedient to introduce a measure to amend the Financial Administration Act to authorize the deletion from the accounts of obligations or debts due to Her Majesty or claims by Her Majesty that do not exceed twenty-five dollars; to clarify the circumstances in which special warrants signed by the governor general may be issued; to permit a crown corporation to establish a receiver general account with ministerial approval and to authorize the payment of interest on money placed to the credit of such an account; and to provide for certain consequential changes in connection with the administration of the act.

Motion agreed to.

MOTIONS FOR PAPERS

INTERNATIONAL TRADE FAIR—CORRESPONDENCE WITH STUDENT GUIDES

Motion No. 25—**Mr. McIlraith:**

For a copy of all correspondence exchanged between the Prime Minister or the Minister of Trade and Commerce, and the students who are acting as guides at the Canadian pavilion of the Brussels universal and international exhibition, 1958.

Motion agreed to.

POTATOES—PRICE STABILIZATION, P.E.I.

Motion No. 26—**Mr. Robichaud:**

For a copy of all correspondence, telegrams, and other documents exchanged from April 1, 1958 to date, between the federal government and the government of the province of Prince Edward Island and the potato growers' association of that

province, in connection with assistance under the agricultural prices stabilization act to the potato growers of Prince Edward Island.

Motion agreed to.

TRADE

PROPOSED ESTABLISHMENT OF FREE TRADE BETWEEN CANADA AND THE WEST INDIES

Mr. G. J. McIlraith (Ottawa West) moved:

That, in the opinion of this house, the government should consider the advisability of establishing free trade between Canada and the Federation of the West Indies.

He said: In rising to present this motion for the approval of the house Mr. Speaker, I cannot help but feel that it is in some respects most appropriate that it should come forward for discussion today, because we have just concluded three days of discussion in committee of the whole on the estimates of the Department of Trade and Commerce. In addition, we just this morning had the honour of having before us in an unofficial way in this chamber the Prime Minister of the new member of the commonwealth, Ghana. I feel, therefore, it is appropriate in the light of those circumstances that this motion should come forward for debate, and I hope approval, today.

It will be seen from the order paper that this is the second appointed Monday for the discussion of private members' motions. I hope that at the conclusion of this day hon. members will feel that the discussion of this motion has been such as to be indicative of the real worth of private members' days, and that they will feel this is a useful contribution and a very proper use of that right of private members to bring matters before this house for debate.

At the outset, Mr. Speaker, I must confess to some difficulty in wording the motion. My concern is with the subject of trade, increasing our trade with the West Indies, but I wanted to get the motion forward in a way that would result not in a mere academic discussion of free trade, but rather in an effort to free trade to the greatest possible extent with this particular area. When I say "free trade to the greatest possible extent", I refer to not only matters like the customs tariff, which seems to be the traditional thing to discuss, but the matter of currency exchange restrictions, shipping and all the other restrictions that may be imposed on the exchange of goods between two countries.

At the outset of my remarks I might also express my own appreciation to the Minister of Trade and Commerce for having given this subject the attention he did in his remarks during the consideration of the estimates of trade and commerce. I was greatly pleased to hear him recognize the importance of the subject and deal with it in full recognition of that importance.

There is such a great abundance of material written about this subject within this last year or two that it seems difficult to narrow it down to what to present to the house in the space of 40 minutes. Perhaps it is well for us to be specific and recognize that in our statistics on trade it is difficult to separate the trade figures of the Federation of the West Indies from the figures of the British Caribbean area. It is well if we recall to our minds that the federation about which I wish to speak includes specifically Jamaica, Trinidad, Barbados, the Leeward islands and the Windward Islands but excludes British Honduras, British Guiana and the Bahamas of the British Caribbean group.

It is well also to recall that the federated area is really responsible for approximately —and this is only a rough approximation— three quarters of our trade with the whole area. It is well also to recall that their constitution came into effect only on January 3 of this year and that they held their federal election on March 25 of this year. I think some hon. members will not find it difficult to recall that date because of its close proximity to a certain other event which took place in Canada a few days later. Then there was the inauguration of the federal legislature on April 22, 1958. I am sure the government indicated the significance they attached to that event by the team which they sent to represent Canada on that occasion.

In dealing with the subject in a more specific way, it can be said at once to me, if the motion is read in a strict and narrow way: Oh, you do not recognize the fact that the federation does not have legislative control over its foreign trade; they do not yet have a customs union. That is perfectly true, Mr. Speaker. The federation does not yet have a customs union, though there seems to be every indication that they are moving toward it. In any event a commission is examining that subject at the present time, and the best information I can get is that the report of that commission will be available within a matter of a few weeks or months, much in advance of the time that it was expected to be ready when the commission was set up.

It could also be said, on a narrow reading of the motion: Oh, you cannot deal with free trade between Canada and the Federation of the West Indies because they do not have control of their own foreign exchange. I am quite aware of that fact. I am aware of the fact that the United Kingdom still has control of the foreign exchange for the area, but I respectfully submit that that is only

one more reason why we should be discussing this matter and examining it rather than withholding discussion of it.

The trade figures are rather interesting. The Minister of Trade and Commerce in his remarks indicated the importance of the trade of that area and I do not intend to elaborate very much on that point; but it is interesting to note that in 1936 our exports to the West Indies federated area amounted to $8,629,000 and our imports to some $13,305,000. In 1957 they had risen so that our commodity exports to that area amounted to $40,276,000 in value and our commodity imports amounted to some $58,430,000 in value. Of course, in addition there are other factors that would enter into an exchange of currency or balance of payments like the vast tourist business in the area from Canada and things like the presence of West Indies students in our universities in Canada.

Those figures will illustrate the importance of the trade in that area. But more particularly the products involved serve to indicate its importance to Canada, imports, as I assess the order of dollar importance, were sugar, bauxite and alumina, petroleum, molasses, rum, cocoa, coffee, spices and citrus fruits. Our exports were wheat flour, fish, textiles and manufactures, meat, tobacco, lumber, motor vehicles, milk, mixed feeds, boots and shoes, potatoes and a variety of manufactured articles.

From these products and the nature of the commodities exchanged it will be seen that the area is, I venture to suggest, complementary with respect to those products; that is, the products it has for export to us are as complementary to the products we have for export to that area as are those of any other area in the world. I do not know of any better example one could get of two areas where the commodities sought to be exchanged are more complementary to each other than are those of this area of the Federation of the West Indies and Canada.

That situation, of course, is easy to understand when one recalls the great differences in climate. It seems to me that this whole area is one in which we should naturally have a high interest for many reasons, among others the fact that for some 200 years now we have shared the same association with the British empire, now known as the commonwealth or the commonwealth and its antecedent form, whatever the terminology was, depending on what date you were talking about. This historical association has gone on in common between us for the order of 200 years, which is quite a long time in our history.

There is the naturally complementary nature of their production and our production. Then there is this new matter we have in common, namely the gradual enlargement of their control of their own political destiny as indicated by the federation this year. Anyone who has regard to the development of political freedom within Canada and our own history in that respect I think must share a feeling of rejoicing and good will that the West Indies have now come together in their federation, in somewhat different form than we but none the less a distinctive step in their development and evolution.

Now I wish to deal with the trade itself. It is interesting that in this relatively small area which I consider to be of great importance we maintain at the present time two trade commissioners, one in Jamaica and one in Trinidad. It is also interesting that we have seen fit to take part in organizing two trade fairs, somewhat new in form, to take place in these two parts of the federation. These trade fairs of 1959 are rather significant, because so far as I know they are developing along a somewhat new pattern for Canada in that they are in the nature of joint enterprises between Canadian business and the government. I think the minister would agree with that description.

I have spoken about trade and I am aware of the usual difficulties with respect to this subject, but it seems to me there are some aspects of it which we could and should usefully discuss in this house. One of the suggestions I am going to make is with respect to the matter of substantially enlarging our activities in respect of trade in spite of the difficulties involved. There are two views abroad, one that there is a little too much optimism and the other that there is not sufficient optimism with regard to trade possibilities, but I believe with the optimists that a great deal can be done to enlarge our trade. I believe this involves imaginative and constructive steps on the part of the government, and that imaginative and constructive suggestions in this house are required in order to achieve this end.

In any discussion of a general nature in this house it is difficult to deal with the matter in detail, commodity by commodity, and I have been avoiding doing so because I think the proper way for the details to be dealt with is by the working groups in the Department of Trade and Commerce, who are thoroughly competent and have all the data readily available for that kind of consideration which is conducive to the best results. I believe, furthermore, that our function here is to indicate the political objective, and that what we are seeking to do is to set

up the machinery so that the details can be worked out by the departmental officials.

There are one or two particular matters which I would like to mention at this time. We could make a useful contribution to the enlargement of this trade by organizing and marshalling studies on the whole question of grading and presenting products of the federation to be sold in this country. It seems to me that they produce a large number of items which we do not have and which we require, and that these items could be presented to this country as exports which would be of benefit not only to the West Indies but to Canada.

I am quite prepared to admit that we have not been able to create a system of grading and handling such items as those requiring refrigeration, packaging and so on, and that this facet of trade must be studied. I believe, however, that one activity which could be undertaken by this government is a study, primarily through its own personnel but which would rapidly be supported by the traders of Canada, with a view to offering assistance to the federation in the methods of standardizing, grading and handling products which could be exported from the West Indies to Canada.

This naturally brings me to another facet of the subject, which is the question of shipping. I am aware that this matter has been discussed on the estimates during the last three days, and I therefore will not extend my remarks on shipping, as I would rather like to do. My purpose is not to be critical of the government with respect to this matter of trade with the West Indies, although I must admit that I am critical of the government with respect to the discontinuance of the Canadian National Steamships service to the West Indies. I expressed myself on this subject at some length on Friday last, and I can only say that in the light of the historical association between Canada and the British Carribean area, in the light of the profitable trade we have had with that area over the years and in the light of the new political development which has taken place in that area, I cannot alter my position from that of the sharpest criticism of the government for having discontinued in such a precipitous way the service to the area in 1957.

Indeed, upon checking into the background of this subject I was interested to note the consideration given to this matter by the former government, and in particular the announcement made to this House of Commons in, I believe, March of 1956 by the then minister of transport that the shipping service would continue for another five years. That was the policy announced which was supported in a rather fine paragraph or two of a speech by the present Minister of National Revenue on this subject in March of 1957 when, as I read his remarks, he spoke very strongly in favour of the service being continued. Only a few months after this, however, the government of which he became a member after the 1957 election abruptly discontinued the service without a proper explanation to the house, and I respectfully submit without a proper consideration of the factors involved.

It is interesting to note that this service had operated at a profit in the year 1956, though I admit there were some problems concerning it, but in 1957 a strike occurred which was a very difficult strike to settle involving a difficult labour problem, and the minister abruptly announced the discontinuance of the service. I have never been aware that a labour situation or a strike made necessary that kind of precipitate action. That was followed by the decision to sell these ships, although I do not know whether or not they are actually sold as yet. The suggestion was put forward by some of us in the opposition that consideration be given to the possibility of giving one of these ships to the federation so that our mutual trade might be continued.

I hold the view that in the light of all this there must of necessity be a note of sharp criticism in my remarks on that respect of the matter having to do with the shipping service to the federation, particularly at this time and particularly in the light of the announcement by the former government that the service would be continued for about five years.

The other matter for consideration is the question of the kind of action which should be taken, and I would respectfully put forward to the house at this time the suggestion that the kind of action we require is action on the political level direct from the government of Canada to the government of the West Indies. That becomes necessary for this reason. On Friday, when the estimates of the department were before the committee of the whole for discussion, I was very critical of the government for not having taken any action to follow up or consider the proposal for free trade put forward at Mont Tremblant last year by the British Chancellor of the Exchequer.

I will not rehash those arguments, but I want to point out today in the context of the resolution now before the house that had that proposal received the kind of consideration from the Canadian government which it was entitled to receive, and had the Canadian government taken appropriate action with respect to it, discussions would have taken

place on the subject to find out precisely what was in the mind of the United Kingdom authorities; there would have been an opportunity to put forward what the Canadians had in mind by way of liberalizing or freeing trade in the areas under the control of the United Kingdom, and this would have brought up directly the matter of currency exchange control in the area we are discussing.

I can only suggest that this debate today and the bringing forward of this subject shows in a practical and real way the consequences of the government's failure to give consideration to this new and, one could almost say, startling proposal by the British Chancellor of the Exchequer. Had the government treated this suggestion properly there would already be under way the kind of detailed study which is required with respect to this area of the Federation of the West Indies.

Now, on this question of the exchange and currency difficulties in the area, I wish to recall to the house a short paragraph of a speech made by the present Leader of the Opposition (Mr. Pearson) on January 7, 1958. He was discussing the larger matter of trade with this area, and I should like to read a sentence or two of his speech in the house. It will be found on page 2970 of *Hansard*:

> Perhaps it would be worth considering whether we cannot tie that new part of the commonwealth, as it soon will become, more closely economically and financially to our own country, Canada, by exploring the possibility of free trade between the West Indies and Canada, or a freer trade area, and by tying up our two currencies which would encourage trade and transport between us.

It seems to me that approval of the resolution as it is presented to the house would give the government the kind of support it requires and, indeed, more than giving them this support it might incite them to the kind of action which the country requires to get on with discussions with the West Indies so that steps could be taken to increase trade with each of the component parts of the federation, and if and when the federation does have jurisdiction over its own customs regulations, to deal with the federation on that basis and also to go forward now with the United Kingdom in whatever steps may be taken to relax the exchange controls which now govern that area.

It seems to me that because of the political history of the area, its geographical location and other reasons I have mentioned, we require, and are justified in taking, very imaginative and bold steps with regard to this matter, steps going further than perhaps we might be inclined to take with regard to other countries in the world at this time. And the right time to act is now. I do not know Mr. Speaker, whether one can correctly use the phrase "politically perfect timing", but to the extent to which one can use such a phrase it seems to me that the timing is politically perfect for this to be done in the light of the arguments I have just advanced.

There are a great many publications to which I could make reference, but perhaps I should not be serving a useful purpose in doing so. There is a great deal I could say by way of appreciation of the work done by the former government.

Mr. Cardiff: Don't forget to tell us that.

Mr. McIlraith: Well, I think it is a very proper thing to do when speaking on the subject, for reasons which I will indicate to the hon. member for Huron. There was the agreement in 1898, the 1912 agreement, then the 1920 agreement, and again in 1925 the agreement which was worked out in that year and which came into force in 1927 but which, curiously enough, is properly referred to as the West Indian Trade Agreement Act of 1926. That 1926 trade agreement act is the agreement under which we have operated in connection with this area for all these years. It was in its time a very bold and imaginative act, and it produced very good results both for this country and for the Caribbean area.

I will not elaborate on the details, but we were granted a sharply reduced tariff on our goods going into that area, the actual rates depending on the island concerned, because they varied with the various parts of the area. However, the reduction was of the order of 50 or 75 per cent of the current tariff granted under the British preferential rate. It was a very successful piece of legislation, and I think the hon. member for Huron, if he studies the problem, would agree that it was an excellent agreement; and I do not know how one could discuss this subject adequately without referring to the West Indian Trade Agreement Act of 1926.

I do not propose to extend my remarks further, but I should like to quote two sentences from a speech made by Sir Grantley Adams, the prime minister of the federation, made at Mount Allison University at the 1957 summer institute when the subject under discussion was "Canada and the West Indies federation". It will be found on page 36 of the publication put out by the university. The first sentence I wish to quote is this:

> But we are profoundly convinced that our whole future depends on the closest possible relationship with the Dominion of Canada.

Then a little further on he had this to say:

> I am not flattering you. I am not saying it because I am addressing a Canadian audience. What I do say is that we consider our future success will lie with the closest possible understanding between the West Indies and Canada.

Mr. Speaker, that seems to me to present to us both a challenge and a promise. It is a promise which I am sure all hon. members on both sides of this chamber without regard to political affiliation will welcome. I can think of speeches made by the hon. member for St. John Albert (Mr. Bell) on this subject in the past which lead me to believe that this proposal would win his support. Far be it from me to speak for him, but I am sure that he and hon. members of this house in all political parties will welcome the promise inherent in those remarks of the prime minister of the federation. It presents a challenge to us, as I said, and it is in connection with that challenge that I wish to relate my remarks today.

I present this motion to the house today as the kind of answer to the challenge that private hon. members of this house in their capacity as private hon. members can give; and I ask that the Prime Minister of Canada accept that challenge and follow up in acceptance of the challenge with the kind of action that only the government has the power and authority to take. That is action to put in motion immediately in a specific way the political and technical measures on the part of the trade officers that will make our response to the challenge become something of which we will be proud. By that action we will have done a great deal to develop trade with the area, I would hope that the action taken by hon. members will be such as to bring pride to the hearts of all Canadians. I hope they will feel that they have taken the proper action with respect to a member state of the commonwealth at this time.

I thank you, Mr. Speaker, and in conclusion I want to thank all hon. members for the patience and courtesy with which they have listened to my remarks on this important subject today, all too inadequate though they may have been.

Mr. Heath Macquarrie (Queens): Mr. Speaker, I rise with a feeling of great pleasure at being given an opportunity to take part in this discussion on an extremely important matter. I should like to congratulate most heartily the hon. member for Ottawa West (Mr. McIlraith) for his splendid presentation. Indeed, his presentation was so exhaustive and complete that in fear of being redundant I shall be forced, to an even greater degree than usual, to bring to my remarks the laconic brevity which I have sought to achieve over the years. I congratulate him, too, on the generally non-political tone of his remarks, and I shall also endeavour to follow that pattern. I shall not engage in a detailed discussion of the development of shipping and the merchant marine in Canada lest I fall into the tendency of criticizing the party to which the hon. member belongs for some of its actions and omissions in years not too far past.

I believe the hon. member is quite right in referring to private members' days as one of the great privileges of a democratic parliamentary system, when we function more as members of a national parliament than as adherents of a political party. I noted that the hon. member was so mellow in his broad attitude that he even referred with apparent equanimity to a certain Canadian event in the month of March.

Coming as I do from the maritimes, a region which has long had intimate and highly satisfactory relations with the West Indies, I am particularly happy to have the opportunity of speaking on this subject at this time. Perhaps there is something appropriate in my so doing, in that I am a member from an island province and we are speaking today about our relations with an archipelago, a group of islands. Not only are Prince Edward Islanders and the people of the maritimes interested in this subject, but I believe it is one in which all Canadians are deeply interested.

I am of the opinion that the terms of the resolution before us are so broad that we must consider more than the economic factors. In considering a proposal for free trade with another political entity we must take into consideration a great many political factors. Therefore I intend to be somewhat general and probably historical—I hope never hysterical—in some of the remarks I propose to make.

It is interesting that we now look upon the development of the second British federation on the North American continent. There are many problems involved in a federation. Some of the scholars in the pristine purity of their analysis have declared that Canada is not a federation but a quasi-federation. However, this is not the time for such constitutional hairsplitting. I think it can be said that there is much in common in the development of Canada from 1867 on and the new federation to the south. Indeed, our population was somewhat similar in 1867, about three million. We have perhaps not advanced as much as many of our earlier statesmen had hoped, but we have advanced magnificently.

We look forward to the political advancement of the British West Indies federation and we look forward to welcoming them as a member of the commonwealth. It was my great pleasure to be present at the United

Nations last year when the newest member of the commonwealth entered that body. I refer, of course, to the federation of Malaya. A monarchy entering the commonwealth is in itself a new development. This morning we had the pleasure of listening to the address of the outstanding leader of another great sister member of the commonwealth, Ghana.

I had proposed at this time dealing with the attitude of the West Indians to relations between Canada and the islands, and I proposed quoting the words of Sir Grantley Adams which were just cited. I suppose that relations between Canada, or British North America, and the West Indies form one of the more romantic parts of our history. The area is very old, of course. We can go back in history to the days of Christopher Columbus. We all read and talked much about the days of the Spanish Main, the English seadogs and the Bluenose captains, especially when we were young.

In Prince Edward Island we can look back to the golden days of wooden ships and iron men, as they say. We had ships and captains who traded with the West Indies and carried goods from that area throughout the seven seas. The hon. member for Ottawa West referred to certain achievements under the Liberal party in terms of trade between Canada and the West Indies, but an examination of the historical record of the development of trade between the two areas reveals no monopoly so far as any political party is concerned. As far back as 1855, which indeed was before confederation, a Canadian trade delegation went to the British West Indies in the hope of stimulating and fostering trade. This, of course, was opposed by the colonial office because it was in contradiction to the free trade policies which then prevailed in the British empire.

One of the first things that Sir John A. Macdonald did was to appoint to his staff, or to his body of advisers, Sir Francis Hincks, who was an expert on West Indian affairs. In the 1880's there were significant and serious overtures from various parts of the West Indies islands offering and suggesting not only free trade and not only economic union, but political union between their area and Canada. And of course there were gradual developments of private industry, and a branch of the Canadian bank was opened there in 1889. Today there are many.

Under the government of Sir Robert Borden the first British West Indies—Canada trade agreement was entered into in 1912. In those days there were some who looked on this as a not very important or significant development. An opposition member, not from the maritimes, declared that this amounted to very little. He said:

> An arrangement has been made which at the very best can represent but a petty cash business for Canada.

There were those who thought that the vegetation was so rich in the West Indies that the people had merely to open their mouths under the trees and they would be fed. That was not a very perceptive view of the matter. Sir Robert Borden declared:

> I not only hope but believe that our trade with the West Indies will in the near future develop very greatly indeed.

This was in 1912. His words, as were so many of his utterances, of course, have been proven correct. In 1920 the old agreement was replaced with something which was a little broader, giving greater tariff preference to the British West Indies. Then, as the hon. member said, in 1925 agreements were negotiated and went into effect in 1927 which form the basis of our present trade relations with the British West Indies. These trading relations have developed with certain ups and downs, but the general pattern has been very satisfactory indeed.

In the year 1957 our exports to the area were valued at $40 million and our imports from there at $58,500,000. It is at present the second largest market in the commonwealth and our tenth world market.

I quite agree with the hon. member that now is the time to consider carefully the future prospects of this important part of our trading relationship. I hope he will not accuse me of being a pessimist if I attempt to be a realist. The relationship among members of the commonwealth should give an opportunity for all kinds of idealism. I do not think we should ever be afraid of idealism, though we Canadians seem sometimes to eschew that sort of attitude. There are difficulties in the way of immediate establishment of the important thing which the hon. member suggests.

Within the existing federation there are great difficulties. As the chief minister of Jamaica described it, it is one of "the most improbable historical adventures that one could imagine". The people in those areas are attempting to form a political entity. The distances involved are great. Indeed, Jamaica and Barbados are a thousand miles apart. Like Canada, they must overcome the isolation of geography. Unlike us, of course, they must bridge the seas, whereas we had to bridge the land. How much Canadian political history is told in our efforts to do that. Railways, economics and politics form a big part of our political development. We fought geography and we won. Indeed, Canada was created in defiance of geography.

The geographic isolation of units within the federation is something which their government is trying manfully to overcome.

External trade is, of course, always important, but in a healthy economy the internal trade generally forms by far the greater bulk of the trade. In the West Indies federation only one-tenth of their total trade is internal. They have other problems which Canada never had. One of these, of course, is overpopulation. In some places the density of population is as high as 700 per square mile. In Barbados it is even twice as high. Whereas in our country there are fewer than four people per square mile. As yet there is no provision for freedom of movement of people within the federal area.

As with all federations, they must strive to build something greater than the sectional loyalty and subnationalism of the various contributing groups. Like most federations, also, they have variety and inequality. The budget of Jamaica, for instance, is three times that of the whole federation. Here I think the West Indies would like to profit, and I know they will, from the experience of the Canadian federation. Herein they may take warning; that is, to watch for the unequal development of regions within that federation. We in Canada have seen through the years how the once-prosperous maritimes have gradually been surpassed by other parts of the federation as the centre of economic and political power moved ever away from that old region whose inclusion in the federation was essential to its very being. Therefore I say that the West Indies would do well to remember the maritimes when they plan in the future for the over-all development of their new state which we welcome so much.

There is a lack of resources and capital. As the hon. member mentioned, there is as yet no customs union. Canada experienced great difficulties, of course, in the financial and fiscal readjustments of the various provinces, but we did not start off without a customs union. Also in the federation there is the low national income. There is also a very tight, a very close link with the economy of the United Kingdom. While, of course, that in itself is not an insurmountable barrier to the kind of thing the hon. member suggests it is something which must be very carefully considered in the planning of the United Kingdom which has done so much through its colonial development policy for this particular region. There are other difficulties. None of them, of course, is insurmountable. The eternal optimists would regard none of them as that.

We have some competition with the United States. We have the aforementioned difficulty with crops which are guaranteed for sale to the United Kingdom. Then at times we find a fixed price on certain commodities such as codfish. I know my friends from Newfoundland have some feeling on this particular subject.

Then again, while in Canada we rushed to build railways and railway terminals, in the West Indies inadequate port services represent a very significant problem. If the mover of this motion believes that I am opposed to it, may I say that the contrary is true. As in all these things we must consider, if we would propose to enter into such intimate relations, more than the purely economic side. Roughly speaking, of course, our commodities are complementary. There are many of the commodities from that area which will continue to be basic to the purchases of the Canadian people. Some of these will be used in an increasing amount. I think perhaps that bauxite would be one of those.

Confederations are usually based again on certain economic considerations, and one of the most important is the establishment of a larger basis of taxation. We had that very much in mind in 1867. The new federation will increase purchasing power of the component parts and it should, of course, increase the investment attractiveness of the area. The West Indians certainly have both of these things in mind. They are working towards a greater diversification of their economy. For a long time many of the islands have had a one-commodity economy. Like many others, such as the coffee producers of South America, they are at the mercy of world markets and very often suffer thereby. Technological advance will assist, as it has in other parts of the world, the development of cold storage plants, and all the rest.

All in all, the West Indians I believe are fully aware of their problems and quite capable of dealing with them. Since my hon. friend anticipated me in the quotation he gave from Sir Grantley Adams, I shall at least have the pleasure of referring to one from the Hon. Norman Manley, the chief minister of Jamaica. I think he expressed a point of view in which we all concur. It is found in the publication which Mount Allison University gave to the Canadian public. He said:

> And then again we aim, hard as the task is, to attempt to create civilized, modern conditions for our people. We have to break out of the limitations of the old colonial economy. We have to modernize our economy. We have to learn new methods in this world of industry. We have to so build upon the larger opportunity of our unity that we can create a society that can provide for its people the basic elements of a decent life.

I am sure we all rejoice, and are convinced that we must co-operate in every possible way, as this new nation which is so close

to us in many ways seeks to face the challange of its destiny. I believe that, going beyond the economic, we can develop closer cultural and political ties with this part of the world.

I am glad my hon. friend mentioned the Mount Allison summer institute because at Mount Allison, and many other universities, it was my pleasure to have in my classes so many young men from this part of the world. Generally speaking, they were very impressive. Today some of the leaders of the new state are graduates of Canadian universities. I believe that there are more students from this area in Canadian universities now than at any previous time. At Mount Allison, too, something was done which I thought was very fitting and that was when, for the first time, a Canadian university conferred honorary degrees upon West Indians, Sir Grantley Adams and Mr. Moosa Mahoraj, both of whom received doctor of law degrees.

Then, of course, the tourist trade is one of those which will certainly serve to benefit the West Indies. I think it will promote mutual understanding which, perhaps, is more important in that it underlies the kind of thing we have in mind in this resolution. My friend speaks of an imaginative program. I think there is room for that from private industry and from business concerns interested in that area. Sometimes I hear from British West Indian friends that Canadians are often inattentive in pursuing their business activities in this area.

Perhaps a more aggressive selling policy and the encouragement of greater consumer preference for certain goods would be altogether beneficial. I am sure too that there are opportunities wherein the government could assist in that regard. There are, of course, some things over which the government has no control. In the maritime provinces we are a very unsophisticated people. We used to make use of a commodity that was very important in the West Indian economy, and that was molasses. We never hesitated to put molasses on our bread. However, tastes change, and a most interesting development has been that the consumption of molasses in Canada has gone down, until a recent event which had to do, I think, in prolonging one's life and improving one's figure. It was found that molasses was a tremendously valuable food. Now we see the imports of this commodity have increased from 7.8 million gallons to 8.1 million gallons in one year. This is one matter over which the government has no control, since it is a matter of consumer preference.

There are commodities in Canada which when the West Indians have an opportunity of making use of them will find increasing favour in that area. I refer to one, the potato. In Prince Edward Island we grow the finest potatoes in the world. We have always been interested in the West Indian market. I am glad to see that over the years there has been improvement in our sales to that market we sold $418,000 worth last year. This market—could be improved and I think it should be improved.

Now while I believe that this is the time to think of these things, I have a feeling it would be a bit unrealistic to expect that a customs union would come about immediately. The history of customs unions has generally been that they are rather slow in their evolution. You will recall that after the second world war there were a great many prospects for customs unions amongst countries which had a good deal in common politically and which had a common goal, their own economic betterment. However, they are still a long way from the fruition of their plans for customs unions.

I am not one of those who say that a customs union or free trade area, to be more precise in the terms of the resolution, could not and might not come about between these two parts of North America, so closely bound by tradition. But I do think that no matter how vigorously the government might move in this direction it is not something which can come about quickly. I will agree that we should draw closer to this area. We, the oldest commonwealth member, rejoice in the development on this hemisphere of another potential member of that wonderful association. I believe, too, we can be helpful. I like the idea that was put forward that perhaps we should develop a Caribbean plan somewhat similar to the Colombo Plan. Some steps have been taken in that direction. The United States, too, has given some technical assistance, but it is only the beginning; the West Indians feel it is only the beginning. I believe we should look upon ourselves as just beginning.

But there is something even broader, and that is that our relations with the West Indies will tax, and test in good measure, Canadian political maturity. It took quite a long time for us to recognize our position in the world. For many years we were much involved in penetration of our own frontiers. But then we moved across and took our place in the world, especially in that north Atlantic triangle which has become so much a part of our history. But we are a member and a part of this hemisphere. As a power with world responsibilities, we cannot look only as far south as Washington and only to the western European world. We have a place of leadership here on this part of the globe.

In close union with this great multi-racial community I think we can go forward to give great leadership in this part of the world. I would envisage that some day—and of course this is only my personal opinion and hope—we might take our place along with a fully independent West Indies federation and member of the commonwealth in the Organization of American states often called the Pan-American union and that that would be the full measure of our continental solidarity and brotherhood with this new and very interesting young nation that we now see before our eyes taking its place in this troubled, difficult yet altogether interesting and challenging world.

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, coming as I do from a province which basically depends on exports for its well-being, I am naturally always greatly interested when there is before the house a motion which deals with either the expansion of trade or a policy of extension of free trade. That is the type of motion with which we are dealing at the present time and which was introduced by the hon. member for Ottawa West (Mr. McIlraith).

I cannot say that I completely agree with all the remarks of the previous speaker. I am inclined to believe that he was a little bit too much on the pessimistic side and could not see advances in the field of trade between the Federation of the West Indies and Canada in as rapid a time as I am certain the sponsor of the motion and I believe is possible. It is not very often when we find a country with which we have had expanding business over the years coming to our country, as has been done in recent weeks and in recent months, telling us that they would like to buy more from us and asking why we do not do something to assist them in buying more from Canada.

In more than one important publication it has been pointed out in recent weeks that we in this country are not accepting the challenge of the opportunity for greater exports to the Federation of the West Indies. It was only in recent weeks that I was reading an interesting issue of the commercial letter of the Canadian Bank of Commerce. I refer to their issue No. 2 in March of this year. From it I should like to quote two paragraphs. On page 8 we find this:

> The problem of overcoming United Kingdom-oriented buying habits in the West Indies and that of maintaining a competitive price position are primarily sales and production considerations. On a long-term basis, however, the situation offers something more of a challenge to Canada, and at the same time provides an opportunity for this country to take a constructive part in building a prosperous economy in the West Indies.
>
> The market for certain Canadian goods in the next few years is promising. The need for fertilizers is expected to grow as agriculture develops, and the market for capital goods and for certain manufactured goods should also expand.

In the same commercial letter of the Canadian Bank of Commerce we find this:

> The West Indies, in seeking to build an economy which will raise the level of prosperity, will need the friendly co-operation of many other countries. The outstanding needs of the new federation are stability in the markets for its produce, an inflow of investment capital, and some financial and technical assistance. The country that joins in an attempt to supply these needs will, in the long run, confer considerable benefits upon itself, as far-sighted private interests have already realized.

I believe that this commercial letter, which was issued only in March of this year, is pointing out both to the government and to the industries of this country that there is a challenge that our country can meet as put to us by the Federation of the West Indies and that there is at least the indication that we are perhaps not taking full advantage of the opportunities being presented to us.

As a matter of fact, I am most happy at the increase in the export and import trade in the past few years between what is now the Federation of the West Indies and our own country of Canada. I did not make a study of the same years as those mentioned by the two previous speakers but I note that in 1953 Canada had exports to what is now known as the Federation of the West Indies of some $29,578,000 and that only four years later, in 1957, that figure had increased to $40,276,000. On the other side of the picture, in 1953 we imported in the amount of $23,408,000 and four years later, in 1957, we imported $58,430,000 worth of goods.

It is most interesting to make a study of what are the major imports that we receive from the Federation of the West Indies. If we make a study of what are our major imports, we can then come to a rather full realization as to why our fellow citizens in that part of the commonwealth are most anxious that they should do a greater business with Canada and buy more from our country. Just on the basis of 1957 I find that here in this country we took as much as one-third of our requirements in unrefined sugar from the Federation of the West Indies, one-half of our requirements of molasses and syrups and two-thirds of our requirements of bauxite alumina. Of course I suppose the story would not be complete if I did not mention that we also import from the Federation of the West Indies one-third of our rum. Canadian importation of two-thirds of our requirements in bauxite alumina and one third of our requirements in unrefined sugar means a great deal to Jamaica, especially as regards their market for sugar.

We have not, however, taken advantage of their requests and desires. They not only

sent over a most powerful delegation this year to see if they could not buy more from Canada, but they pointed out that they have the dollars with which to buy, something which so many countries do not have. They have all the dollars they require.

Why are they so anxious that we should sell more to them? It is, of course, to use the words of the delegation, because they are worried about the situation whereby on six months' notice Canada could cut off the $1 per hundred pounds preferential. The amazing feature of the trade situation is that Canada gives the Federation of the West Indies $1 preferential per hundred pounds on our imports of unrefined sugar, while the United States gives no preferential whatsoever. Yet in the past the majority of imports which have been going into the Federation of the West Indies have been from the United States and not from Canada. In a one-year period when there was a differential of $3.8 million in Canada there was a differential of $53 million in the United States, so I think we can all very easily realize the fears felt by the people of the federation lest Canada should ever decide to change its mind with respect to the differential. I would like to read very briefly from a most interesting article in the *Financial Post* of January 18, 1958, written by a Mr. Robert W. McRae, headed "Jamaica's Trade Slogan 'If You've Got It, We'll Buy It' ". This is a most unusual situation, and the article reads as follows:

> Jamaican leaders are coming north next week for trade talks.
>
> They want to step up buying in Canada to keep the vital sugar preference.
>
> As it is now, $56 million goes from Jamaica to the U.S. annually, trade which could be diverted to Canada.
>
> This is available to Canada. And the Jamaican slogan will be: If you've Got It, we'll Buy It.

The article goes on to make it very, very clear that they have all the dollars required in the Federation of the West Indies and that they feel because of their relationship with Canada in respect of the commonwealth and because of the assistance that Canada has been able to give them in respect of economic development and in trade preference that they have an obligation to Canada.

So we have these people almost pleading that we should export more in order that they may import less from the United States and so that we can see the kind of friends they are to us. Yet we have one hon. member who says, "Go slow—go slow, it is going to take a long while." On the other hand, the businessmen and the parliamentarians of Jamaica, according to the newspapers, are in a state of anxiety about trade with this country and we have such information as is given to us in commercial letters and publications from financial organizations which I imagine are most stable, such as the Canadian Bank of Commerce.

When we view the entire picture, therefore, we must agree that this is the most appropriate time for the hon. member for Ottawa West to have introduced this motion for the expansion of trade with the Federation of the West Indies, and so far as this group is concerned we are most certainly heartily in agreement with its basic principles. Whether or not it is accepted by this House of Commons, we do suggest that something should be done to expand trade with the federation for which expansion the federation has been pleading and has outlined on more than one occasion.

Mr. C. W. Carter (Burin-Burgeo): Mr. Speaker, the bold and courageous decision of the ten British colonies of the Caribbean, Jamaica, Trinidad, Tobago, Barbados, the Leeward and Windward islands to form together a political federation was certainly an act of faith in themselves, in their land and in the commonwealth. It was a demonstration of faith in their ability to work together to develop their resources, to improve their living standards and to raise their level of prosperity; it was a demonstration of faith in the commonwealth because they knew their experiment could not hope to succeed without outside aid and that faith in the commonwealth was a demonstration of faith in Canada particularly because of all commonwealth countries Canada is the member in the best position to be able to give them the kind of assistance they need.

Following as they do a path similar to that followed by the Canadian provinces 90 years ago, they have every right to look to Canada for a large measure of assistance, not only because they subscribe to the same kind of parliamentary institutions and values as those to which we subscribe and because we are geographical neighbours, being part of the same hemisphere, not only because of Canada's tradition of assistance granted under the Colombo Plan, but most of all because, as the hon. member for Ottawa West (Mr. McIlraith) pointed out this afternoon, more than any other country in the world the economy of Canada supplements that of the British West Indies.

As the hon. member for Queens (Mr. Macquarrie) pointed out this afternoon, this federation faces tremendous difficulties, difficulties far more formidable than those faced by the Canadian provinces 90 years ago. These islands which have decided to federate extend over a range of some 1,800 miles and are separated by water; they have

the disadvantages of a small population with, in some areas, overcrowding. They have some cases of extreme poverty which did not obtain in Canada and to cope with all this they have less natural wealth to develop and upon which to draw.

The Prime Minister (Mr. Diefenbaker) has announced that a refrigerated ship will be built by Canada and given to the Federation of the West Indies as a gift for use in their inter-island trade, but more than that is required. They certainly require large amounts of capital investment and donations of capital goods; they need port and harbour facilities for loading and unloading cargoes; they need refrigeration facilities and technical know-how.

Above all, they will need ships to carry on trade between the British West Indies and Canada. These ships should be specially built for that purpose. We in Canada know the handicaps of having a small domestic market, and we can appreciate, therefore, that with a population of only around three million the British West Indies federation, if it is to develop and prosper, must rely mainly on the development of its external trade. Without the improvement and expansion of trade all our gifts of capital and equipment and other assistance will be of no use.

Canada has enjoyed trade relations with the British West Indies for over 200 years, and trade with the province of Newfoundland has probably extended over a longer period than that. This trade had its beginning with the maritime provinces and there are still great opportunities for its expansion to the mutual advantage of all Canada and particularly of the Atlantic region. We in Newfoundland have bought our supplies of rum—as the hon. member for Queens pointed out—from the West Indies, but we depend on them for other products too—staple products for our fishermen such as molasses and salt. Our manufacturing industries depend to a large extent on their bauxite, and the islands in turn depend upon Canada for dairy products, vegetables and manufactured goods.

Since 1912 there have been preferential trade agreements between Canada and the British West Indies federation. The original agreement of 1912 was revised in 1920 and again in 1926. In considering this resolution, which states that the government should consider the advisability of establishing free trade between Canada and the Federation of the West Indies, it would be worth while to take a look at the agreement which is already in existence. The present agreement grants prescribed margins of tariff preferences to most Canadian goods. The agreement provides that duties on Canadian goods may not exceed a certain percentage of most-favoured-nation rates of duties. For example, in the Barbados and Trinidad it must not exceed 50 per cent of the most-favoured-nation rate; in Jamaica it must not exceed 75 per cent of that rate. To work out a practical example, if we suppose that in Trinidad the most-favoured-nation rate is 10 per cent, then the preferential tariff would not exceed 5 per cent. Similarly, in Jamaica it would not exceed 7½ per cent. In addition, the agreement sets forth a specified margin of preference on Canadian flour, dairy products, meat, fish and apples.

Canada, under the agreement, grants free entry to most British West Indies products other than sugar, tobacco and spirits and bound margins of preference on all dutiable goods, including sugar. The most important preference is, of course, as the hon. member for Vancouver East (Mr. Winch) pointed out this afternoon, on raw sugar which is imported for refining in Canada and which forms the basis of manufacturing industries in the provinces of Nova Scotia and New Brunswick. The preference on 96 per cent sugar is $1 per 100 pounds. Canada gave preferences also on bananas, cocoa beans, rum, coffee and spices and, in addition, gave a general undertaking that in respect of all goods not specifically mentioned in the agreement the duty on imports from the British West Indies would at no time exceed 50 per cent of the general tariff of Canada.

Notwithstanding the discriminatory dollar control restrictions, this agreement has greatly encouraged the growth of trade. If we look at the figures we find that for the three years immediately before the agreement was signed imports averaged $19 million a year; if we take the average for 1954, 1955 and 1956 we find that the average imports amounted to $58 million annually.

Now that the islands of the West Indies federation are working out their customs union it will be necessary for this trade agreement to be revised, and this appears to be a very opportune time for the government to give consideration to replacing this agreement by a free trade agreement. The present rates are so small as to have no significance as far as revenue is concerned, and the growth in trade which has already taken place indicates that an even greater expansion would result from a removal of restrictions altogether.

If we look at the year 1955 we find that Jamaica exported more to Canada than to the United States, and double what it exported to Europe. In the same year Trinidad exported to Canada twice as much as to the United States. On the other hand, the

British West Indies have become Canada's third market for fully manufactured goods. Trade between Canada and the British West Indies must be a natural development, because the two economies supplement each other to a great degree; they produce things that we cannot produce and we produce products which they cannot produce. We need their products and they need ours, and trade under these conditions must necessarily be to our mutual advantage and certainly should be conducted as freely as possible.

As one who comes from Newfoundland I am particularly interested, naturally, in the expansion of the British West Indies market for our fish. This market has been one of our traditional salt fish markets for centuries. It is a necessary product because it provides these people with the essential protein and salt which are necessary to health in the kind of climate in which they live.

I wish to place some figures on the record to give some idea of the importance of this market for salt fish. We find that the exports to the Caribbean area for the years 1953 to 1957 inclusive represented 48 per cent of our total salt fish exports. Of that amount nearly half, or 21 per cent, went to the three larger islands which make up the British West Indies federation. Jamaica took an annual average of 113,000 quintals, Barbados an average of 23,000 quintals and Trinidad an average of 24,000 quintals making an average annual total of nearly 160,000 quintals of dried fish for each of the years between 1953 and 1957 inclusive.

With a growing population this market is bound to expand. It has been estimated that by 1970 the population of the British West Indies will have increased from 3,500,000 to 7 million. The best way to expand the market in that area not only for fish but for all Canadian products is to increase the prosperity of the people who consume. The implementation of this resolution will do a great deal more to make the British West Indies strong and prosperous and at the same time will benefit all Canada and particularly the Atlantic provinces. As far as the exportation of Newfoundland salt fish is concerned it would be more beneficial than a subsidy. The growth and prosperity of the British West Indies will strengthen not only the commonwealth but the whole free world. For that reason I have great pleasure in seconding the resolution proposed by the hon. member for Ottawa West. I commend him for bringing it forward at this time and I trust it will receive the support of all hon. members.

[Mr. Carter.]

Mr. G. D. Clancy (Yorkton): Mr. Speaker, I take pleasure in rising to participate in this debate. Since I represent an agricultural constituency in the province of Saskatchewan I am naturally interested in any increase in trade since the area from which I come is also a surplus producing area. Although the West Indies federation has not yet come into being I feel that everything should be done within the present bounds of our trade agreements in order to increase the channels of two-way trade between Canada and this area.

According to the dominion bureau of statistics report of Canadian exports for March 1958, we are now exporting to the islands comprising the federation agricultural products of a wide variety. The exports represent practically all phases of agriculture in Canada. It has been said today that the agricultural industries of both areas are complementary.

Representing a western constituency I am particularly interested in the volume of cereal grains and other field crops exported to the West Indies whether in the form of whole grain, flour or processed products such as macaroni, oil cake, poultry and stock concentrates. For years past the area comprising the West Indies federation has been a large and traditional market for Canadian wheat flour. Canadian flour has been sold and recognized as one of the economic links between the two members of the commonwealth. For the past few years the trend has been away from Canadian flour to United States flour due entirely to the subsidy being paid to United States mills enabling them to quote at prices Canadian mills cannot meet.

To illustrate this, in 1955 Canada exported 2,147,047 bags of flour, while in 1957 Canada exported 1,789,452 bags. To emphasize the fact that this change is due solely to United States subsidized flour, I quote from the report of the Canada flour export committee dated March 26 and prepared after a visit to Jamaica:

> There is a great deal of good will towards Canadian flour, and a desire to purchase counter grades if Canada could compete on price. Canadian baker's flour predominates, although there is evidence of American flour making inroads. American baking flour is selling at $4.62 to $4.82, with Canadian flour 40 cents to 50 cents a bag higher. The larger bakers point out the importance of high protein flour. Smaller bakers are mixing Canadian and American flour. The price differential on the American flour lowers their over-all cost and, unless steps are taken to remedy this condition, it is our feeling more and more American baker's flour will be used.

From the same source, with respect to Trinidad, I quote the following paragraph:

> Flour from the United States of America mills has gained a strong position—so much so that one particular brand has become a criterion for all other brands. It was suggested by some importers that a new brand name common to all Canadian

mills and at a discount of 20 cents below the popular United States flour brand might be the answer. Flour is being offered by Canadian brokers as low as $4.25. This flour, however, is of a very indifferent quality, and is not giving Canadian flour a very good name. Canadian good quality flour would have to be sold at from 50 cents to 60 cents a bag below present offerings to create any interest. The bakers want a better grade of flour from Canada at a price of $4.40 c.i.f.

The two main classes of flour imported into the West Indies are baking flour and counter flour. Counter flour is imported almost 100 per cent from the United States because they are able to supply from that country a second clear flour of maximum 1 per cent ash—protein does not matter—at a price which would be equivalent to about $3.40 Canadian per 100 pounds, c.i.f. Kingston, Jamaica. Although flour milled straight from Canadian No. 5 wheat was shipped to the West Indies a few years ago in large quantities and was found suitable for counter flour purposes, the present subsidy of the United States makes it impossible for any flour to be shipped from Canada at this price. Canada has maintained her position as a major exporter of flour through the years, not by selling cheap flour, but by selling quality. In commercial relationships with the West Indies, I feel sure that the Canadian milling companies stand well ahead of United States milling companies, yet we are losing business year after year. This is solely a matter of price. In 1957, Canada imported $58.4 million worth of goods from the British West Indies federation and exported to the islands $40.3 million worth of goods.

The solution of our flour export difficulties lies with our private enterprise people, with help from our trade commissioners. Already steps are being taken by the millers and the primary producers to introduce into the West Indies flour of a standard and at a price that will compete with United States subsidized flour. Wheat and flour exports to the West Indies are only part of the picture. To increase our exports we shall have to, and we can, take more of the West Indian agricultural products. The problem lies partly with the new federation and partly with ourselves. An exchange of ideas and of technical knowledge between the two countries is necessary. As the West Indian farmer learns to supply standard products to the market we shall see the West Indies seeking wider markets.

Another phase of their development is taken from the agricultural survey made by Dr. A. L. Jolly for the Caribbean commission. In discussing methods needed to improve agriculture, besides the one I mentioned, such as standardization of production to make available to exporters a standard product which would be acceptable, he has another interesting comment to make. He mentions a difficulty which I think Canada can help to solve. In discussing the relationship of Caribbean agriculture and its industrial growth he states that Caribbean agriculture is inefficient, and to say that it is as efficient as any other tropical area is not good enough. He said:

—Caribbean agriculture is strikingly inefficient. Its inefficiencies are due primarily to lack of management. It is the function of management to organize the other economic factors of production in the most efficient combination. The characteristic of too much labour working with inefficient capital equipment, so typical of much Caribbean agriculture is due to the fact that management has not yet invented ways of righting this unbalance profitably. The lack of management is not due to lack of intelligence or lack of energy among managers but to their inadequate numbers. The problem in the Caribbean is not how a surplus of young trained men can find land and money to start farming, but who will replace the small number of existing managers when they retire.

There we have the problem facing the Caribbean agriculture which governments, private exporting companies and our universities can assist to solve by encouraging the training of young men and supplying and training the managers needed in this new area.

The West Indies federation, with a population of three million and with a very high birth rate, will never be able to produce sufficient food to feed its growing population. It is a population which will have a continuously rising standard of living. In this area we have at our door a market which should be ours. The great bulk of agricultural products from the British West Indies which will be seeking markets do not in any way conflict with our Canadian agriculture. On the other hand, as the British West Indies federation raises the standard and quantity of its products the United States will be forced by pressure groups within their economy to control the amount of those competing agricultural products entering the United States. This leaves Canada in a favoured position and gives us an opportunity to start to develop now a reciprocal trade in agricultural products, and we should take advantage of a situation which is so favourable to us.

Mr. J. A. McGrath (St. John's East): Mr. Speaker, my remarks on this resolution will be brief because, since the outset of the debate, I have had the unhappy experience of sitting here and finding all the statistics which I have so long and laboriously sought after presented by previous speakers.

In his remarks, the hon. member for Burin-Burgeo (Mr. Carter) presented the problems of trade with the West Indies, particularly

as they apply to the province of Newfoundland and the Atlantic provinces of Canada. It is interesting to note, that the salt fish industry, which is at present undergoing somewhat of a crisis, is accounted for by the most part by the provinces of Nova Scotia and Newfoundland, and one of the chief remaining customers of Canada's salt fish has been the British West Indies. We hope that the difficulties being encountered at present by the fish trades of the Atlantic provinces and the authorities of Jamaica and the other islands of the West Indies will soon be overcome so that we can settle back to our traditional happy trade relations with one of our best salt fish customers.

As was outlined by previous speakers, Canada and particularly the Atlantic provinces of Canada noted with interest the inaugural ceremonies last March founding what we hope will be one of the members of the commonwealth, the West Indies federation.

We in eastern Canada particularly were very much concerned with this development because, as I said previously, the West Indies are in fact one of our best customers. Perhaps it is ironic that we in the province of Newfoundland have had so many things in common with our neighbours in the new federation. For many years we have known the consequences, hardships and difficulties which flow from a single industry economy. We are also not unlike our neighbours in the West Indies in that much of our trade results from our geographical location.

I could not help but be impressed with the statistics that I encountered in my research, and particularly those statistics relating to salt fish. For example, of all the fish exported from Canada in 1957, 3.4 per cent went to the island of Jamaica which, incidently, comprises more than half the population of the new federation. The other nine islands are, by population and by size, small in comparison. My figures, therefore, for the most part deal with the island of Jamaica. Of the total fish exported in 1957—I believe this figure has already been cited on several occasions—6 per cent went to the British West Indies. I would venture to say that this 6 per cent came primarily from Newfoundland and Nova Scotia.

The resolution before us is an interesting one in that it advocates that the government consider the advisability of establishing a free trade area between Canada and the West Indies. This is most important to the Atlantic provinces of Canada, those provinces which have been struggling for so many years under many heavy problems. I noted with interest the remarks of the hon. member for Queens (Mr. Macquarrie) and his suggestion that perhaps consideration might be given to a Caribbean Colombo plan. This would seem to make sense in many ways, in so far as my limited experience goes. I hope it is a suggestion that will merit some consideration in the future. It is perhaps because the salt fish industry is of such importance that we on this side of the house have viewed with concern the problems of this industry which represents such an important part of the economy of the Atlantic provinces, particularly Nova Scotia and Newfoundland.

I would suggest that this resolution merits the serious consideration of the members of the house. I would hope that in the debate which will follow the speakers will not be influenced by partisan politics, so that we may receive the utmost benefit from this very worthy suggestion.

Mr. R. J. McCleave (Halifax): Mr. Speaker, my first word in this debate must be to assess, in general, the picture that each country has of the other, that is the new Federation of the British West Indies as seen by Canadians and the reverse. I think that we each tend, in certain times of the year, to view the other as a paradise, especially when winter has cast its spell over our country and we tend to think of the sunny climate of the south and I think that they, with their fine weather, tend to think of Canada as the place to which they would like to come.

As the hon. member who preceded me has remarked, one of the disadvantages in participating in this debate is that everyone seems to have read that excellent publication called "Canada and the West Indies Federation", which was put out by Mount Allison University publications, at Sackville, New Brunswick, following an institute on Canada and the West Indies federation held last August. Actually, the full title is "Mount Allison 1957 Summer Institute, Canada and the West Indies Federation". To my horror I found that the mover of the resolution, the hon. member for Ottawa West (Mr. McIlraith) began with a quotation from Sir Grantley Adams, then prime minister of the Barbados and now prime minister of the federation. When he stated, I am quoting from page 36, I started to say to myself, "But we are profoundly convinced—", and the hon. member for Ottawa West said, "But we are profoundly convinced—" and so on. He did neglect to give all the quotation, and I think it might be of interest to the house, so I have no hesitation in reading about 75 or 100 words from it.

> But we are profoundly convinced that our whole future depends on the closest possible relationship with the Dominion of Canada. We have already passed appropriate resolutions at some of our federal meetings, and we intend in a short time to send delegations up to Ottawa. We are already determined to explore the possibilities for increased

trade and for increased immigration. Of course, we shall continue the cultural ties which have existed so long with Canada. When I was comparatively young, I think there were more McGill graduates among our doctors than from any other part of the world. Our youth comes to Canadian colleges and Canadian universities, and we want those ties to be strengthened and increased. I'm not flattering you, I'm not saying it because I'm addressing a Canadian audience, but I do say it; we consider our future success will lie with the closest possible understanding between the West Indies and Canada. We will do our best to make our contribution for mutual benefit as great as possible, and we confidently expect that this great dominion will do the same for the West Indies.

Those remarks, as I have indicated, were made by Sir Grantley Adams in his position as prime minister of the Barbados last August during the Mount Allison University summer institute. I was interested in the very thoughtful remarks of the hon. member for Ottawa West, and the remarks of the other speakers who have followed him in this debate, concerning the general appreciation of the goods that are involved in trade between the federation and this country. I wonder if these speakers appreciate some of the grave problems that exist before trade can be opened up and expanded between Canada and the British West Indies federation. With that consideration in mind I should like to detail some of these problems as I go along in these brief remarks of this afternoon. Mainly they concern the problem of sterling.

The West Indies federation is a member of the sterling area. When I have concluded I should like to cast my remarks in such a way as to suggest to Canada that five years from now this whole matter of the federation down there will be surveyed by the component countries. They will decide whether they have been able to make this multilateral marriage work; whether the contract should be altered in any way; or perhaps even whether they should give up the idea altogether. Hence the developments over the next five years, Mr. Speaker, I think will be extremely important. It may yet be found that within that period of time we shall see the growth in Canada of a thought that here, far to the south of us, south of Halifax and Newfoundland, lies a country that could very nicely become the eleventh province of Canada.

I should now like to say a word about the traditional ties between our two countries. In 1892 the Department of Trade and Commerce came into being in the federal service. In that year 1892 Canadian commercial agents were appointed in Jamaica, Trinidad, Montserrat, St. Kitts, British Guiana and Barbados. In 1907 a Canadian trade commissioner was appointed at Bridgetown, Barbados and today there are two Canadian government trade commissioners in the West Indies, as was mentioned by the hon. member for Ottawa West (Mr. McIlraith). I might point out that the office in Kingston covers the northern part of the federation, Jamaica, Bahamas and British Honduras, and included in the territory of the Port of Spain office is Barbados, Tobago, Trinidad, Windward and Leeward islands, British Guiana, French Guiana, Surinam, Guadeloupe and Martinique. Some of these, of course, are not particularly in the federation but that is the area served.

Last year the total Canadian trade with the West Indies amounted to about $99 million and last year the West Indies constituted the fourth largest market in the commonwealth for Canada. If we add these other places that I have mentioned, namely British Guiana, British Honduras, Bahamas and Bermuda, you will find that in 1957 this was the second largest market in the commonwealth for Canada, and our tenth market in the world.

These very elementary figures tend, I believe, to illustrate qualitatively the importance of this area in Canadian trade. Last year we sold $40 million worth of goods to the West Indies. In the past years about 85 per cent of Canada's exports to the West Indies has been in the class of manufactured or semi-manufactured goods. This, Mr. Speaker, is one of the highest ratios for any of our export markets, a point about which I intend to speak subsequently in my address this afternoon. We can compare this with our trade with the United Kingdom where only some 15 per cent to 20 per cent of our exports there are classed as manufactured or semi-manufactured.

In recent years there have been trade missions back and forth between Ottawa and the West Indies and probably there will be more. As you will recall, Sir Grantley, in his remarks at Mount Allison institute, said that trade delegations would be sent to this country. In recent years there has been the signing of the Canada-British West Indies trade agreement. We have seen the flow of British West Indies students to Canadian universities and nursing schools and of Canadian tourists to the West Indies, though I believe the tourist trade to the West Indies is primarily United States. Eighty-five per cent of the tourists there come from that country. Our realization of the importance of this federation is seen in the announcement of the gift of a new ship, which gift is contrasted with the strike on the Canadian National Steamships ships, and which gift cannot be construed as political because the Liberals thought of it and we are doing it.

But despite the trade which I have mentioned, the Canadian trade with this nation is not as large as it should be owing to

several limiting factors. I think the consideration of these factors is important, for even if this house passes the resolution proposed by the hon. member for Ottawa West—and I hope we do—we must still remember that much remains to be done before that fine dream of free trade becomes the reality of free trade. I am also afraid that much of that cure will have to be found elsewhere than in Canada, and that it must be found within the unique trade structure of the federation itself.

As for the limiting factors in the amount of trade we can do, I think these points should be considered. The population is about 2.8 million. Their national income is low. Their productivity is low. The range of goods and services they offer for export is limited to the items that have been mentioned this afternoon including sugar, and its by-products, lumber, bauxite, oil and of course the various tourist facilities. Another factor is the competition which results for our trade in the West Indies. By tradition the United Kingdom has been the principal supplier. In recent years the West Indies, like other countries in the sterling area, have maintained restrictions on the import of dollar goods. As far as dollar exports are concerned, we must remember that the United States are closer and that they have the advantage owing to speed and the frequency of shipping, although the United States is at a disadvantage as compared with Canada because they do not receive the British preferential treatment.

Canadians also face competition from within the commonwealth and some of these countries are in the sterling bloc. New Zealand has built up a large market for cheese and butter which cuts into the prospects of this country and those of other suppliers. Australian flour has appeared on the market, and it seems rather odd when you think of bauxite going all the way from Jamaica to British Columbia and yet the reverse trip does not seem to pick up any of this western wheat about which there is so much debate in this house. Rather, they go to Australia for their flour; again, I imagine, because of the sterling factor. Many manufactured goods from European countries, from India, Japan and Hong Kong, are being sold in the West Indies federation and the Netherlands has increased its sales of canned beets and milk products.

Canadian goods are allowed into the West Indies under several categories. Those products under the world open general licence include onions, potatoes, split peas, fish except fresh and frozen fish, meat, cheese, kraft paper, newsprint, powdered and canned milk, animal feeding stuffs and lumber and in 1956 leaf tobacco, fresh apples, fertilizers and calcium carbide were added to the list of goods which might be imported into the West Indies under the world open general licence. The West Indies trade liberalization plan embraces a second group designed to maintain traditional markets of exports to this area and the way it works is that Canadian exporters of products listed under the plan are entitled to apply for allocations on the basis of their exports to that area between the years 1946 and 1948.

The annual report of the Department of Trade and Commerce for 1957 contains at page 52 several paragraphs on the operations of the British West Indies trade liberalization plan and perhaps I can take some brief excerpts from this report. The number of firms participating in the plan last year was 722; individual allocations processed and issued by this section during the year were 8,005, or an increase of about 35 per cent over 1956. That, of course, is an indication of the intense interest in Canada in this market to our south.

Some new products, of course, have been manufactured since this period 1946 to 1948, and the department has over the years made some provision to grant special allocations to firms which were not in business during that period and to grant them special allocations under special circumstances. Imports of products other than those in the two classifications I have mentioned, the first being the world open general licence and the second the West Indies trade liberalization plan, are subject to individual licensing. The component colonies each have a dollar program under which they grant licences for dollar goods considered essential to the development of the country and some of these colonies operate special dollar import schemes whereby dollar import quotas are distributed among local importers, thus enabling them to import Canadian or United States goods of their own choosing.

Mention has been made of the Canadian goods supplied to the West Indies, which perhaps might be broken down regionally as follows; from the west coast, lumber, apples and canned salmon; from the prairie provinces, flour; from Ontario and Quebec, motor vehicles, milk products, flour and feeds, paint, pharmaceuticals, footwear, paper, textiles, beer, rubber goods and general manufactured goods; and from the maritime provinces—and in these I include our latest acquisition, Newfoundland—salt, pickled and canned fish, potatoes, grocery items, shoes and other consumer goods.

Mention was also made this afternoon by the hon. member for St. John's East (Mr. McGrath) and I believe by the hon. member for Burin-Burgeo (Mr. Carter) of some of

the problems of fish exporting trade to the West Indies. This matter is again covered in the excellent little book to which I referred earlier, entitled "Canada and the West Indies Federation". At page 72 of this publication the author of the article "The Fish Trade", Mr. R. F. Johnson, secretary of the Canadian Atlantic fish exporters association, remarks:

> There is good reason to believe that past preferential tariff treatment of B.W.I. products by Canada, has led to curtailment in sales of our salt and pickled fish to some non-commonwealth Caribbean countries without resulting in compensatory increases in our sales of fish to the B.W.I.

He goes on to explain what is going on as follows:

> The largest salt fish market in the B.W.I., Jamaica, maintains a consumer price ceiling on salt cod notwithstanding that within recent weeks a government minister of Jamaica is reported to have said publicly that "the Canadian sugar market is vital to our existence". This ceiling price, which applies to all five sizes of both choice and standard grades of salt cod, indirectly determines the prices that our Canadian fishermen receive for their salt cod production—and which price we have already shown is inadequate. In December 1953, this ceiling price in Jamaica was reduced from 1s. 7½d. to 1s. 6d, and it was further reduced in June 1955, to 1s. 5d. Only following repeated representations, including a delegation from the Canadian industry travelling to Jamaica to discuss the matter with government officials, was the ceiling price increased in September, 1956, to the current 1s. 6½d. per pound, still 1d. below the pre-December, 1953, level.

And so on and so on.

Mr. Pickersgill: I wonder if the hon. member would say from what he is reading—I am afraid I did not catch that.

Mr. McCleave: I will be very glad to give that information to the hon. member for Bonavista-Twillingate (Mr. Pickersgill). I have mentioned I think three times that I was reading from a publication entitled "Canada and the West Indies Federation" published by the Mount Allison University dealing with the summer institute last August and that the particular reference was to an article entitled "The Fish Trade" by Mr. R. F. Johnson, secretary of the Canadian Atlantic fish exporters association, commencing at page 72.

Mr. Pickersgill: Would the hon. member permit a further question? I wonder if he has seen the Halifax *Chronicle-Herald* for July 12 last, where the most recent statement of Mr. Zwicker, head of that association, and Mr. Johnson, the secretary, bring a lot of that information up to date.

Mr. McCleave: I was trying to illustrate my point that we are going to run into some difficulty when Canadians and members of the British West Indies federation get together to discuss ways and means of increasing trade between the two countries. I did not intend to get into a discussion which would be esoteric to me regarding the problems of the fishing industry and I hope this answer will reassure the hon. member for Bonavista-Twillingate that I am not trying to horn in on the speciality of those who come from fish producing communities.

I mentioned earlier the fact that we supplied the West Indies with an astonishingly high percentage of manufactured goods in our exports to them—some 80 or 85 per cent—which is most unusual in ordinary trade dealings. This brings me to a most vital point, and I will illustrate it by the aluminum development in Canada and the bauxite development in the British West Indies. It should be noted that it has been Canadian investment in bauxite mining which has made possible a large export of this mineral to Canada. Trinidad's exports of petroleum products can be traced back to the first commercial discovery of oil in that colony by a Canadian syndicate at the turn of the century. Today Canadian interests are looking at copper and other mineral possibilities in Jamaica, and Canadian capital is moving into the hotel industry on Jamaica's north coast with a view to attracting more Canadian tourists.

The magazine called *Commonwealth Development* at page 27 of its March-April issue, volume 5, No. 2 makes an interesting point in an article called "Economic Outlook for the Federation", and I quote:

> It will be the policy of the federation to assist the islands to increase the variety of their crops and also to hasten the development of secondary industries. It is in the secondary industries, assisted by a tax relief scheme, that there is the greatest scope for joint capital ventures and co-production with British firms, as is happening, for example in soap and in paint manufacture. Other secondary industries include the manufacture of margarine, matches, shoes, garments, leather and fancy goods and fruit canning.

The magazine *Commonwealth Development* is a British publication, and hon. members will note, in the quotation I have just read, that great emphasis was laid on the possibility for British investment in the Federation of the West Indies. I think we can substitute the word "Canadian" in that context for "British". Perhaps as partners with them there is ample room to develop this sprawling area which has now become a federation, and I think this is something that should definitely be kept in mind, knowing that in the past our investments in petroleum and bauxite have led to the development of mutually profitable industries.

I said earlier that at the end of five years the Federation of the West Indies will take stock of how this multi-lateral marriage of

the various islands has worked out. What the assessment will be, time alone can tell. I think Canada should keep a close eye on the developments there, and give these people the most sympathetic consideration and all the help we possibly can; and I think, too, that some day we should even consider asking them to become one of our own provinces.

Mr. Frank McGee (York-Scarborough): Mr. Speaker, my first words will be to comment on the remarks which have been made earlier in this debate, before I come to my own contribution which will be made on behalf of the industrial areas of Canada, particularly the most noted, outstanding and progressive area of Canada, the Toronto area —whether the future of trade with the British West Indies federation follows the pattern suggested by the hon. member for Ottawa West (Mr. McIlraith) or not.

It has occurred to me several times during this debate that the ideas and contributions which have been made to it are certainly varied in their sources. As I was waiting my turn to speak, that great paper the Ottawa *Journal* came to my desk and I noticed an article there headed: "Labour party urges Colombo plan type commonwealth aid". The hon. member for Queens (Mr. Macquarrie) will be surprised to find himself in the company of such political bedfellows. I should like to read briefly from this short article:

> The British Labor Party Saturday night proposed the establishment of organizations similar to those of the Colombo Plan to aid underdeveloped areas of the commonwealth.
>
> It said the Colombo Plan, devised to boost food production and provide educational facilities in underprivileged Asian countries, could be used as a model for similar work in Africa and the West Indies.
>
> The party's policy pamphlet said Canada and the United States—both members of the Colombo Plan —would be invited to take part in the new project if a Labor government is returned in the next British elections.

I hope, incidentally, that developments along these lines will not have to wait for anything such as that, an event, which, I am confident, is far in the distant future.

To get back to comments concerning other contributions to this debate, I must say that when I was advised that this resolution was to come up today, and took my seat here, I began to wonder if, in fact, the resolution had come up after listening to some of the remarks made by the hon. member for Ottawa West. He spoke of pessimism abroad as far as Canada's future trade developments are concerned, and I find it hard to justify that remark or agree with it in any measure. Perhaps it was just the labouring of other political remarks he made. The hon. member also suggested that the great Liberal party had been responsible for everything—I suppose as part of the process commonly emanating from those benches—an attempt to rewrite the history of Canada and leave notable periods out.

Fortunately, the present political situation in Canada has corrected a good deal of that way of thinking. The hon. member for Vancouver East (Mr. Winch) spoke of the need for capital goods, in particular, and I expected him to go on and mention the concessions that have been made and the encouragement provided in the West Indies with respect to the types of industry guaranteed to promote employment in that area, and certainly here is a field in which Toronto manufacturers and particularly producers of capital goods are finding interesting new prospects. Another thing which struck me about the remarks of the hon. member for Vancouver East is that he used what has hitherto been a nasty word in that quarter of the house, the word "diversion".

He spoke of it in a most favourable way. I notice that the hon. member is looking rather puzzled. He will recall his quotation from the *Financial Post* in which it was proposed to divert purchases from the United States to Canada.

Mr. Winch: I was quoting from the *Financial Post.*

Mr. McGee: But you seemed pleased about it. The remarks of the hon. member for Queens (Mr. Macquarrie) were, I thought, most appropriate and fitting as most of his contributions to the debates of this house during my experience have been. The suggestion advanced by the hon. member for Halifax (Mr. McCleave) concerning the eleventh province I find very attractive. A very good friend and sometimes a political companion of mine at the university referred to presented to the federation on behalf of Canada a chair which had once been the property of Sir John A. Macdonald, which greatly added to the spirit of that occasion. I refer, of course, to the gesture by Professor Ian L. Campbell.

One aspect of the relationship of Canada to the West Indies which was not touched upon and which I expected would be raised —and I anticipate it will be dealt with by the hon. member for Bonavista-Twillingate, he having had it within his purview over the years—is the question of immigration and immigration quotas from that area. Overpopulation has been mentioned by one or two speakers thus far in this debate. I would suggest to the government that it review the question of immigration quotas from that area. I think this would do far more than

many other friendly gestures made to the federation to promote a feeling of good will, and the promise of future good relations between Canada and the West Indies.

Referring again to Toronto, the hon. member for Ottawa West implied that nothing was being done concerning trade with the West Indies and that the situation was static. I should like to point out that certainly in my experience that is not the case. The volume of correspondence I have had from businessmen in Toronto inquiring about trade possibilities in the West Indies certainly gives the lie to that statement. I suppose that my friends in the corner, the lonesome eight, will be a little chagrined to know that the spirit of free business enterprise is stepping into the gap and providing its own incentive in this matter without the benefit of government boards and similar bodies. There have been a number of businessmen in the Toronto area making investigations of the possibilities as far as exports to the West Indies are concerned.

The quotation I should like to place on the record in concluding my remarks is taken from the publication entitled "Foreign Trade", October 26, 1957 issue. It deals with business conditions in the Caribbean. I should like in particular to refer to a paragraph entitled, "Investment Opportunities Worth Study" which reads as follows:

> The most pressing need for these islands is capital for development and know-how and there are a number of opportunities for investment that might appeal to Canadian businessmen. Among them are building and running hotels or other types of accommodation for tourists in all of the islands; small industries processing local produce into jams, preserves, chutney and sauces, canned fruits and fruit juices; leather tanning; cocoa and chocolate manufacture; poultry farming to supply eggs and dressed fowl, and fibre processing.

This is the key paragraph:

> Canadians with money to invest should take a pleasure-cum-business trip down to appraise the situation at first hand.

This is the type of thing which I mentioned as having been greatly activated during the last year. I continue:

> The various governments welcome such visits and provide all the pertinent information on income tax concessions to pioneer industries and on the co-operation they are prepared to give. Included in this is the duty-free entry of capital equipment necessary to get the projects started.
>
> Canadians who wish to establish a business in an area with a year-round summer climate should turn their attention to the British West Indies. They will find great good will towards Canadians, the result of a long and mutually profitable association.

In looking to the future of the British West Indies, particularly in light of the opening of the St. Lawrence seaway which will so soon be upon us, I see every indication of tremendously increased development in exports from Canada consistent with the policies of this government in matters of trade.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I have a few observations I should like to make about this motion. This is the second private members' day of the session and I felt it would perhaps be inappropriate for one who had once occupied the treasury benches to put himself forward while there were new members who wished to take part in the debate. I have therefore been waiting in the hope that perhaps by listening to the new members my own speech would be greatly shortened and I think it will be because there seems to be agreement, at least among all those who have spoken, about the desirability of supporting the motion which the hon. member for Ottawa West (Mr. McIlraith) introduced so effectively this afternoon.

I have no thought or intention of introducing a note of controversy in this matter. I hope that before this sitting day is over the house will register approval of this motion. I do not mean to suggest that we should have a division and indeed I would hope that would not be necessary. It is my hope that we will formally adopt the motion of the hon. member for Ottawa West.

The motion merely asks us to say:

> That, in the opinion of this house, the government should consider the advisability of establishing free trade between Canada and the Federation of the West Indies.

If we were all to approve formally of this motion I do not believe it would impose any obligation upon the government to do anything forthwith except to give active consideration to this question which I hope and am inclined to believe the government is doing already. I have some hope in that respect from what was said by the Minister of Trade and Commerce (Mr. Churchill) himself in presenting his estimates. One section of the presentation given by the minister which I found very sympathetic was what he said about West Indian trade, and I should like him to know that.

I think it might be a good idea for this house to pronounce itself in favour of this proposition at this particular time in this particular session since we know there is to be a conference in Montreal in September of the commonwealth countries at which the Federation of the West Indies is to be represented, I understand, by observers, but where there will be presumably the leading figures from the West Indian federation present who will be not only taking part in those

deliberations but will be having an opportunity to meet and talk once more with leading members of the government and our officials.

We know, of course, that the Minister of Trade and Commerce (Mr. Churchill) was one of the three members of the government who represented this country at the inauguration of the parliament of the federation only a very short time ago, and I am sure that most of those in the Federation of the West Indies who have the responsibilities, which are as the hon. member for Ottawa West and I think every subsequent speaker pointed out, still diffused through the federation and not concentrated in the federal government or federal parliament, for trade matters, will be present.

I of course agree with what the hon. member for Ottawa West said about the trade agreement of 1926, which is still the agreement which governs our trade relations with the West Indies federation. While I agree that it was a great step forward at that time, I think nearly all of us who have had any familiarity with the problems of trade with that area in recent years, particularly in the last year or two, have reached the conclusion that that agreement is out of date; that it no longer covers the kind of trading conditions that have to be met in this world in which we are faced with an increasing trade war between the communist world and the free world, and with an increased tendency toward the formation of trade blocs even in the free world.

Preferences alone are obviously not good enough. That does not mean to say for a moment I am suggesting that the historic preferences should be done away with; far from it. What I feel is, if we are to increase our trade with the West Indian federation, which is already a considerable part of the total trade of Canada—as has been pointed out several times they are our second best customer in the commonwealth and the tenth best customer in the world—if we are to increase that trade substantially and as rapidly as we would like and to meet the kind of competition which, as I pointed out the other day on the estimates of the Minister of Trade and Commerce, has already done us out of the market for fish in Jamaica, we will obviously have to take other steps more in line with the modern conditions. I am sure the government is giving consideration to those steps.

There is one note of warning that I had rather expected and had rather thought the hon. member for Halifax (Mr. McCleave), who spoke a little while ago, might have sounded himself when he was speaking. He quoted an earlier statement by Mr. Johnson, the secretary of the Canadian Atlantic salt fish exporters association. I interrupted him and drew attention to the statement which was made by Mr. Zwicker, the president, and Mr. Johnson, the secretary, of that association which appeared in the Halifax *Chronicle-Herald* on July 12. I am not going to take the time of the house by reading it, but there is one point in it that does deserve careful consideration. We have a very big market for salt fish in the Caribbean area outside the British West Indies, in Cuba, in Puerto Rico and in the Dominican Republic and I believe now to some degree in Panama. We value that market. Over the years it has been a very good market and, by taking steps that might seem to be of an unfair or discriminatory nature, we do not want to take any risk of losing it. It is something that I know the government would keep very much in mind in any arrangements it might make for the increase of trade with the British West Indies; but we do want also to maintain and to expand our trade with those other Caribbean areas and particularly to maintain a fish market without which, of course, the fishing industry would be in a very depressed state indeed.

I think, too, that most of us—and the hon. member for Ottawa West made this pretty clear in what he said—would agree that it is not by tariff action mainly that we would achieve the kind of results we would hope to see achieved. That, I imagine, is why the hon. member for Ottawa West phrased his motion the way he did that the government should consider the advisability of establishing free trade rather than establishing a free trade area. If he had used the phrase a "free trade area", which has a certain technical connotation, it might have seemed rather more restrictive and exclusive than I think or hope he had in mind. What I think he had in mind was that he would like to see at any rate as an ultimate goal the removal of all tariffs between Canada and the British West Indies but that he would like also to see—and certainly speaking for myself I would like to see—us take other and more positive measures for the promotion of a greater flow of trade and a freer flow of trade between Canada and that area.

Now, I did make a suggestion on the estimates of the Minister of Trade and Commerce which I believe it would be trespassing on the time of the house now to repeat in any detail today. I would just remind hon. members that what I suggested was that the Canadian National West Indies Steamships, if the government had reached a firm conclusion—as they say they have—not to attempt

to have them operated under Canadian registry by Canadian National Railways any longer; if that decision cannot be changed—of course, we would like to see it changed; we would like to see them operate under the Canadian flag, as we intended to operate them if we had remained in office—but if the Canadian government's decision—I do not want to be controversial about this—seems to be that it is irrevocable, then I suggest they give very serious consideration to retaining the ownership of those ships but transferring them under some mutual aid arrangement to the Federation of the West Indies, to be operated on the same service, or at least over the same area, from the West Indies to Canada.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. Pickersgill: When the house rose at six o'clock, Mr. Speaker, I was recalling the suggestion I made to the government on Saturday that they give consideration to the possibility of maintaining title to these Canadian National (West Indies) ships, and transferring them under some kind of mutual aid or other similar arrangement to the West Indies federation, in order that these shipping services might be preserved between Canada and the West Indies. I know that there might be some difficulties about the operation for the first year or two under this arrangement, but looking to the steadily rising population both there, and we hope in Canada, and to the expansion of trade we could reasonably anticipate over the years it should not be very long, if they could be reasonably efficiently operated, before these ships would be carrying a considerably increased volume of goods between the two areas. Of course, there is no real use in talking about the expansion of trade between these two areas which are geographically a long way apart across the water, unless there is reliable and efficient and reasonably cheap transport.

I did mention the other day the speech that was made by the head of the Atlantic Acadia sugar refinery at Saint John, New Brunswick, in which he pointed out, I assume correctly, that the freight rate from Jamaica to Saint John was 46 cents and to the St. Lawrence 50 cents. This, in itself, was a very considerable factor that had to be weighed by this company in deciding whether it could continue its operations in Saint John. It does seem to me, that anything we can do to prevent the removal of this historic industry from Saint John would be, if it could be justified at all in relation to the cost, well worth doing. We know that there are a number of industries in the maritime provinces which depend upon the refining of sugar in those provinces for their raw materials in their own fabrication. I am thinking of such a firm as Ganong's, for example.

It did occur to me that it might be possible, if these ships were operated from the West Indies to Saint John, from Saint John to Halifax, and from Halifax to St. John's, then directly back to the West Indies, this would be the shortest route they could take to cover all those areas. It would be the route in which, so far as one can see now, there would be the maximum amount of traffic. It may very well be that with this new piggy-back development in the railways, and with reasonable refrigeration in these ships, some new developments in the transportation of fruit and vegetable from the West Indies would make them more competitive. Commodities of that sort, which depend on a reasonable degree of speed in getting to the market, logically would be shipped to Saint John and transported by rail to central Canada from there, thus reversing some of the trends that have been all too prevalent in our transportation in the past.

I cannot forbear, mentioning again the feeling that is quite universal in Newfoundland, that some means should be found to equalize the freight on salt fish between Nova Scotia and Newfoundland on the one hand and the West Indies on the other. Unhappily today most of the Newfoundland fish has to be shipped to Halifax and transshipped there, thus adding very considerable to the cost of transporting Newfoundland fish and reducing the return to the producer of the fish. It had been the hope of many of us that the West Indies steamships, if they had continued to operate, would have operated out of St. John's, Newfoundland. Of course on the route between Halifax and Saint John and St. John's, Newfoundland, there is always lots of freight in the form of, manufactured goods of one kind and another, going to the Newfoundland market.

I want to turn next to what after all has been, in the years since the war, the principal obstacle to the expansion of our trade to the degree we would like to have seen it expand with the West Indies. I refer to the exchange controls and the dollar shortage in the sterling area. This problem has resulted in the restriction particularly of the exports of manufactured goods from Canada to the West Indies. I was rather surprised to hear what the hon. member for Vancouver East

(Mr. Winch) said this afternoon in his otherwise admirable speech. I cannot believe that he could have been correctly informed when he said the Jamaicans and other British West Indians were clamouring for things to buy in Canada. Although there has been some considerable easing in those restrictions, thanks to repeated representations made by the previous government and the present government, there is still, as I understand it, a good deal of difficulty about the free entry of our goods into this area because of exchange controls.

It has seemed to me that the Leader of the Opposition (Mr. Pearson) put his finger on this problem in a speech he made in the house on January 7, 1958, as reported at page 2970 of *Hansard*. These sentences were quoted by the hon. member for Ottawa West in introducing this motion, but I should like to quote them again because I want to speak particularly about one aspect of the matter. What the Leader of the Opposition said was:

> Perhaps it would be worth considering whether we cannot tie that new part of the commonwealth—

He was referring to the West Indies.

> —as it soon will become, more closely economically and financially, to our own country, Canada, by exploring the possibility of free trade between the West Indies and Canada, or a freer trade area, and by tying up our two currencies—

It is this I want to emphasize at the moment.

> —which would encourage trade and transport between us.

We all know, of course, that the fact that Newfoundland, for many years before confederation, was within the Canadian monetary system did have an enormous effect in maximizing the trade between Newfoundland and Canada. We also know that when, because of the completion of confederation in 1949, Newfoundland came within the Canadian customs area, that trade increased at least fourfold in a very few years. Since Newfoundland was, before confederation, one of Canada's largest and most valuable customers, we can see clearly how the removal of barriers of this sort does, in fact, promote trade.

I will admit it would be difficult to contemplate bringing the West Indies within the Canadian monetary system without our accepting some responsibility at the same time for the governmental deficits which are likely to exist in that area during the first few years of the federation. But I would remind hon. members that if we do not bear the burdens of these deficits, the British will have to bear them. As long as the British government and the British taxpayers are expected to bear that burden, it is not unreasonable for them to claim, in compensation for it, that they should have the kind of control they now exercise over the external trade of that area.

While I should not like to express a categorical view about this matter, it seems to me that it would be worth the while of the government and particularly of the department of the Minister of Trade and Commerce—the minister who has charge of maximizing our external trade—to make a careful study of what would be likely to be accomplished by bringing this area within the Canadian monetary system and at the same time accepting some of the responsibility that the British government is now accepting for the potential deficit of the government of that area.

We all know, of course, that for years Canadian banks have been operating in the British West Indies, and doing so very well. The fact that this area represents a tenth of our customers is in no small part owing to the initiative taken by the Canadian banks in going into this area. We also know that undoubtedly the greatest need of the West Indies area, like that of every other undeveloped area in the world, is the need for additional capital.

I must say that I was particularly pleased to hear the hon. member for St. John's East (Mr. McGrath) this afternoon join with other members who have spoken and with other members from Newfoundland in supporting the proposal which I believe was first made by the premier of Newfoundland at the time the Gordon commission was sitting in that province namely that we should have in Canada a little Colombo plan or something of that sort for the West Indies. It seems to me that there is no other area in the world from which Canada could gain so much, directly and indirectly, as it could from this area with a plan of that sort.

The hon. member for York-Scarborough (Mr. McGee) this afternoon raised the very thorny question of the overpopulation of this area. It is true, of course, that the population in the West Indies has grown by leaps and bounds. There are over 3 million within the federation at the present time. The fact that there is not enough industrial development means that there is in this area a lack of opportunity for employment for that number of people. However, I think the only effective and helpful way of finding employment for those people in that area is from greater capital development. It seems to me that if Canada could take the lead in this field we could, directly and indirectly, secure a great return for any investment that was made, either publicly or privately, as long as it was wisely done.

This is one vision which I would commend to the government and particularly to the Minister of Trade and Commerce. It is a vision that has always attracted the Canadians in the Atlantic provinces. I should like to remind the house of these facts. The West Indian market is vital to the fish producers of Canada. Though the West Indian market is extremely important to other producers of raw materials such as lumber, wheat and potatoes; the biggest of our exports to the West Indies, when trade is relatively free, is in manufactures. Hence it would not be just for the Atlantic provinces or for Saskatchewan that this market, if it could be expanded, would be a good thing; it would also be good for the great manufacturing area of central Canada, as was rightly pointed out by the hon. member for York-Scarborough when he made his contribution to the debate.

It seems to me that there is, of course, another area in that same region that we must take into account in any proper long range plans for the development of the British West Indies. I refer, of course, to Demerara or British Guiana. This area is certainly not overpopulated. It has a great area with vast resources barely tapped. When I was minister of citizenship and immigration, in discussion with one of the ministers from Demerara, I learned that the authorities there do not feel that they are overpopulated. What they feel is that they are starved for capital. They look upon that great country—and it is a great country with a huge area many times that of all the British West Indies—as a potential field for a marriage between capital from North America and settlers from the West Indies. In any large long range plans for the development of this area and for the development of freer trade, I feel that our relations with Demerara and the relations of Demerara with the federation would require to be taken into account. In Demerara there is a vast hinterland and in the West Indies there are people who are nearest to it and who are already adapted to living in that part of the world.

I feel that in the whole field of external trade there is perhaps no more imaginative conception than that of bringing this whole area not merely within the trade orbit but within the financial and economic orbit of Canada. As has been pointed out over and over again in this debate on both sides of the house, in all quarters of the house, there is hardly a commodity produced in this area that is competitive with anything produced in Canada. They need our products and we need theirs. It is one of those rare things, an almost perfect combination. Moreover, there is a long tradition going back at least a couple of centuries and perhaps more; although perhaps when we go back beyond two centuries we would not want to revive some of the trade that existed at that time; but for two centuries there has been the kind of trade that we should like to see extended. There have been personal relationships between Canadians, particularly in the Atlantic provinces, and the people of the West Indies which play a large part in the development of trade.

There is, of course, the banking system of Canada already there. There is a long and excellent record of work done by the trade commissioner service of our own government. There are the constant visits back and forth. There are the thousands—and I am sure I do not exaggerate in using that word—of students who over the years have come from that area to attend our universities, some of whom, of course, get a taste for living in Canada when they come here and do not want to go back. None of us can blame them for that. But if we could do something to make the economic climate in that region such that these people would want to go back to develop a great new country for their own people, it seems to me that we would have there a conception of something that would be mutually fruitful both to us and to them.

These are some of the reasons. As I said when I began, I do not want to take an undue amount of time in repeating things that have been said just as well, if not better, by other members, some of them newcomers in the house. Once again may I say this. Perhaps it will not make much difference one way or another to the government of Canada whether or not we pass this resolution because the members of the government are, I believe, considering this problem anyway. It is inevitable that they are considering it and I think from the hints given to us by the Minister of Trade and Commerce they are seriously considering it, but it does seem to me that it would not have much effect one way or the other, so far as the government is concerned, if we pass this motion. But its effect on the country, particularly on the Atlantic provinces, in offering new hope to our people would infuse new vigour into the old search for mutual trade. It would also offer great hopes to the people of the Federation of the West Indies. This would be particularly so if the parliament of Canada unanimously adopted a resolution of this character. I am sure this would greatly strengthen the arm of the minister when he meets these people face to face in September, true, it will be in a rather unofficial capacity, but still he will meet them face to face. I have reference, of course, to the conference

in Montreal at which time he would be able to say to them, "I can talk to you frankly and freely because I know from the sentiments expressed on both sides of our parliament that we really want to do everything we can to develop closer economic ties and freer trade and we are willing to do everything necessary to realize this objective."

I think, having said this, that I should now take my seat in the hope that the debate will not be prolonged beyond the end of the present sitting and that we may unanimously register our approval of this proposition, which I am happy to say has so far found no dissenter in the house.

Mr. Bell (Saint John-Albert): I wonder if I might ask the hon. member a question. May I say that I agree he has made some very good points in regard to the sugar situation but I would particularly like to know in reference to his comments on the difference in the rates for water transportation between the West Indies and Saint John and the West Indies and Montreal on raw sugar, if he will not admit that the federal government really has little, if any, responsibility in this matter at the present time?

Mr. Pickersgill: I would not want to get into any kind of argument with the hon. member for Saint John-Albert (Mr. Bell) on this subject because, to be quite honest about it, I do not know the answer to his question. I suspect, of course, that the rates set on the Canadian National ships, would be within the control of the Canadian government but the rates about which Mr. Hill the head of this company, was talking were probably not on Canadian National ships. I do not know who set them or upon what basis they were set. As I made quite clear both on Saturday and today, I do not even know for sure whether Mr. Hill's facts were correct and I do not pretend to have verified them. I suspect they are correct and I suspect they are probably set to be, in some degree, competitive but it would not be the first time that things had been done in a positive way by the Canadian government in order to overcome some of our disadvantages in the realm of transportation in the Atlantic provinces. Even if the government were to intervene—at least for a time—to set a rate which would be competitive, I am not sure that I would not perhaps be inclined to vote for that subsidy with perhaps a little more enthusiasm than with respect to others which from time to time we are called upon to approve in this house in order to keep the balance of the Canadian economy.

[Mr. Pickersgill.]

Mr. Bell (Saint John-Albert): May I ask the hon. member how the federal government could intervene in respect to private shipping rates?

Mr. Pickersgill: As a matter of fact, I might remind the hon. member for Saint John-Albert that the federal government intervenes very effectively in private shipping rates through the Maritime Freight Rates Act. That analogy is not, in my opinion, very wide of the mark.

Mr. Bell (Saint John-Albert): But this is water shipping.

Mr. Pickersgill: I do not know that there is any real difference in principle between having a subsidy on shipping on water rather than on land. Indeed I would have thought there were many and hoarier precedents for subsidies on water transportation than there were on land transportation.

Mr. K. H. More (Regina City): Mr. Speaker, in making this, my maiden contribution in this house, I hope you will permit me to extend to you my congratulations on the unanimous election to your position of first commoner. I do not want to have this remark on the record as a mere formality because, from my own observation since the opening of the session on May 12 last, I know that you fill your position with evidence of great character, with great tact, with ability to understand and to speak fluently in both languages used in this house and in a manner which brings confidence to a new and trembling member rising for the first time in this chamber. I know, sir, from my own observations that I shall receive from you guidance and, when necessary, discipline, which I will willingly accept. I would also at this time like to congratulate the Deputy Speaker (Mr. Sevigny) and the Deputy Chairman (Mr. Rea).

I do not intend to refer to all the things I have ferreted out in the library and from information obtained from the Department of Trade and Commerce, from the many periodicals at which I have looked and from the information already placed on the record. I do not think it is necessary to be on one's feet all the time permitted in order to accomplish one's objective and in so far as the facts which have been placed on the record with respect to this particular resolution are concerned, I am hoping that those facts will reduce the length of time during which I shall have to burden the house.

Coming from Regina, however, I was excited by this resolution because it had to do with trade, and I think it goes without saying that whether one is a Tory, a Liberal or a member of the C.C.F. trade is of paramount interest to all western members.

Some hon. Members: Hear, hear.

Mr. More: Our economy in the west demands that we be a trading nation and for many years the symbol of that economy has been the grain elevator. The horizons of western Canada today, I am glad to say, are changing because we now have in company with these grain elevators oil derricks and to that extent our economy has been diversified and further stabilized.

I have listened with a great deal of interest to the contributions with respect to this resolution. I wish to say quite frankly that when I first read the resolution and I realized that its sponsor came from a party which had been in power for 22 years I was very suspicious of it, suspicious as to the reason why it had been placed on the order paper at this time, and of the language in which it had been placed there. This was because for years I have not heard of Liberal members speaking in support of free trade but now that the Liberal party is out of office and sitting in the opposition benches its members are, one might say, taking their first opportunity to speak in support of free trade. This is when they have no responsibility as a government and when they can hit the press with big headlines and endeavour to maintain that old bogey that the Tory party is the party of high tariffs and the Liberal party is the party of free trade. That is something with which I completely disagree and I have been doing some research on this subject—

Mr. Pickersgill: You will need it.

Mr. More: I do not need perhaps to do too much more research work, and I hope to have an opportunity in the not too distant future to put on record the facts in connection with tariffs in Canada, the facts as to which party is the party of high tariffs and which is the party of low tariffs. To me it seems to be just common sense that tariffs should neither constitute a merit to one party or a demerit to another. All parties who have held power in this parliament of Canada have at times imposed tariffs, and over the years the tariff structure has grown; it is not, of course, just because we have had a Liberal government for these last 22 years. But I will not take up the time of the house now by going into this question. If I did go into detail I think I could put on record a story very different from the one we hear from time to time.

The part of this resolution which excited me, as I said, was the part dealing with trade, and that is what I want to speak about because I come from a city which is a great trading centre of the prairies, the queen city of the prairies. I do not see the hon. member for Calgary South (Mr. Smith) in his place, but I think it is the fastest growing city, percentage-wise of population, and it depends for its economic well-being on agriculture and on trade. In my researches I found that wheat flour plays a considerable part in the trade between Canada and the West Indies. It was hard to get exact figures. Certainly I do not pretend that my figures are correct as applied to the West Indian federation as it exists today. I found, while I was doing research, that many others were doing research too and that material which I needed was in the hands of others, and probably material which others needed was in my hands. But in regard to wheat flour, I found that in 1953 Canada exported 2,183,872 bags to the islands of the West Indies, while in the same year the United States exported 413,833 bags. In 1955, 2,147,047 bags entered from Canada and 1,195,000 from the United States. In 1957, 1,504,250 were exported from Canada and 1,760,969 from the United States.

It is easy to talk about this being a traditional market. In many instances, over the years, the tastes and requirements of the West Indies have changed, and that in turn has brought about changes in the amounts and values of some of these goods which they import from Canada. But as against a diminishing desire for some products there has been an increasing desire for wheat flour. In 1955, the market, according to the figures of exports from Canada and the United States alone, increased by 744,342 bags. The Canadian share of this market dropped by 36,825 bags and the United States share increased by 781,167 bags. In 1957, according to the figures I found, there was a decrease in the market, compared with 1955, of 76,828 bags. Canadian sales decreased 642,798 bags. United States sales in that same year increased by 565,969 bags despite the decrease in the overall market. Inasmuch as the figures indicate there is still a desire among the people of the West Indies for wheat flour, I would point out that we still have wheat in great surplus; we want to dispose of it to any market that requires it, provided we can trade honourably. Even though small quantities are concerned, we cannot afford to lose this opportunity.

I thought the hon. member for Bonavista-Twillingate (Mr. Pickersgill) made a very fine contribution to this debate. It seemed to me, in the course of his remarks, that it was notable that he probably does not agree with the precise wording of the resolution, because he seldom—perhaps only once or twice—spoke about free trade. In the main he used the

phrase "freer trade". It seems to me it is impossible, by any unilateral action, to have free trade. It is probably impossible for bilateral action to ensure it.

Mr. Pickersgill: Would the hon. member permit a question? Did he fail to hear me when I said I should like to see tariffs between us wiped out.

Mr. More: Yes, but I gathered from all your contributory remarks that you figured it was quite impossible.

Mr. Pickersgill: I am much more hopeful than that.

Mr. More: The hon. gentleman served in a government which was in power for many years, and he has witnessed the decline in Canadian flour exports, and I thought he was being more realistic. And now he is trying to disturb my remarks and draw me off the track.

I say in all seriousness that this is one instance where the agricultural people of the prairies can come here with a sound case and ask for co-operation and consideration from all people in Canada. We need this market for this flour, and, as I understand it, with one exception we have always shipped the very best grade of flour to this market. In the first instance the market demand was a demand for baking flour which was used by the industry there. Then the people began to buy what is called counter flour, and used it for making bannocks or whatever they might call them. Now, the United States is, I understand, supplying to that market a grade which they do not even offer on their own market, and they do it on a subsidized basis.

I wish to commend this government for standing up and tackling the problem which the United States disposal policy has presented in the traditional markets of Canada, and I do not know any more pointed example than this putting forward of a special grade of flour on a subsidized basis, as is done in this market. The loss of sales to Canada is certainly something to be alarmed about. The hon. member for Vancouver East (Mr. Winch) quoted from a Canadian Bank of Commerce letter dated March 2, 1958. I think it is interesting that the hon. member should have quoted from that bank letter, because in my research I found—though it is possible that I may not be correct—that the first Canadian branch bank to be opened in the West Indies was established by the Canadian Bank of Commerce in 1889. I have quoted figures which show a decrease in Canadian participation in the wheat flour market of the West Indies. But statistics also show that Canada still continues to be a better customer of the West Indies than the United States. It has been mentioned in the course of this debate that we give a preference of $1 on sugar, whereas I understand the United States does all it can to keep that sugar out. I point out to hon. gentlemen opposite, that good intentions alone will not give us this market. If it did, then I say we would have a bigger proportion of the Canadian wheat flour market because, according to my figures, we have maintained a better and larger ratio of imports from the West Indies than has the United States.

I have been disappointed in the debate on this point. The debate has been brought forward in a rather mild form of generalization by the hon. member who presented the resolution. Nowhere in the debate has any indication been given as to what would be the attitude of the West Indies toward a proposal of free trade with Canada. Surely to goodness if this resolution means all that it says it does it should be based on the benefits that accrue which would be mutually shared by both parties. Nowhere in the debate has this been mentioned.

There was much meat in the remarks made by the hon. member for Bonavista-Twillingate. We have a new federation within the commonwealth bestirring itself, seeking to be established and coming to the fore. This opens a great vista in the opinion of those of us who believe in trade. I am sure that is the view of all hon. members without regard to political affiliation and I am sure it is the desire of all of us to take the greatest possible advantage of it. I am sure this cannot be done by this government alone nor can it be done by any government alone. To take the fullest advantage of it will require the complete co-operation of government, business, and indeed all individuals and producers alike.

I do not wish to prolong the debate and I have no further information to place on the record but before winding up my short presentation I wish to comment on one thing that was said by the hon. member for Ottawa West (Mr. McIlraith) who proposed the resolution which rather struck my fancy. I do not know if in fact anything can be perfect but the hon. gentleman said that this resolution is politically perfectly timed. We are about to witness the birth of a new federation within the commonwealth and if the hon. member had gone a little further I would say that I completely agree with his remark that the resolution is politically perfectly timed because today we have in power on the treasury benches a government which is dedicated to expanding trade. We have a Minister of Trade and Commerce (Mr. Churchill) who is ever watchful and eager to seize any proper opportunity to expand Canada's trade. I know that we can depend on him to bring forward

a policy that will benefit not only Canada but the Federation of the West Indies, soon to be a new member of the commonwealth.

To that degree and with that qualification I agree fully with the proposer of this resolution and it would have my support if he had phrased it a little differently. But I am suspicious of this resolution being proposed on the subject of free trade by a member of the party to which the hon. member for Ottawa West belongs. If he had proposed that this government be alert and use its efforts for expanding trade between Canada and the West Indies I could support the resolution 100 per cent.

Mr. Pickersgill: Well, you cannot expect miracles.

Mr. Smith (Calgary South): Mr. Speaker, I wonder if I could ask the hon. member a question before he takes his seat. He made a certain reference with respect to the growth of Canadian cities. I wonder if he would be kind enough to give us the source of that information?

Mr. Pickersgill: Mr. Speaker, I suggest that this is wholly out of order.

An hon. Member: How do you spell "wholly"?

(Translation):

Mr. Rodrigue Bourdages (Laval): Mr. Speaker, first of all, I want to tell you that it is with some misgivings that I rise to speak in this house. Having been elected for the first time on March 31st last, I know that I am necessarily lacking in experience but the wish to serve the voters of my riding of Laval, who put their trust in me, is giving me the confidence any representative of the people has to feel to remain worthy of the name.

Mr. Speaker, the matter now before us must be of interest to all Canadians. Indeed, trade with another country is considered an important part of our economy, and I believe it is not too soon to say to hon. members that I am in favour of free trade with that country, if we take essential precautions for the protection of both nations.

However, before proceeding any further, I should like, if I may, recall briefly the historical background of the trade agreements between Canada and the West Indies. I read this from an article which appeared in *Foreign Trade*, a fortnightly publication of the Department of Trade and Commerce. In this issue of January 4, 1958, Miss M. V. McCormick, of the international trades relation branch writes as follows:

Canada has a long history of trade with the West Indies, stretching back well over 200 years. We have sold them principally flour, fish, other foodstuffs, and lumber; they have sold us sugar, molasses, lumber, spices and tropical fruits. In recent years the trade has taken on a more varied complexion: bauxite, alumina and petroleum have been coming to us from the West Indies and we have been sending them a wide variety of manufactured goods.

In the last twenty years this trade has grown in size as well as in scope. Just before the Second World War the total trade with the West Indies, both imports and exports, reached $33 million. By 1956, it had increased to $113 million, with our exports to the West Indies totalling $49 million and our imports from the islands $64 million. Figures for the first nine months of 1957 show exports to the West Indies at $35 million and imports from the West Indies for the first six months of 1957 at $40 million, a substantial rise over the 1956 figure.

The close trading relations between Canada and the British West Indies over the years are the result of several factors. The economies of the two areas are largely complementary and the areas themselves are not far apart, geographically speaking. In addition, three successive trade agreements have provided a framework for the building-up of this trade.

At the turn of the century, the British West Indies lost its sugar market in the United States and became interested in the possibility of selling sugar in Canada instead. At that time, total Canada-B.W.I. trade had an annual value of less than $5 million and both sides wanted to increase it. This feeling, plus the desire for Empire solidarity within the Imperial Preferential Tariff system, paved the way for the first Canada-West Indies Trade Agreement of 1912.

The 1912 agreement gave Canada preferential rates of duty of four-fifths of the general tariff on specified goods and provided that some British West Indian products, notably sugar, would receive corresponding preferential treatment in Canada. In 1920, this agreement was replaced by a broader one under which preferences applied to all dutiable goods on both sides, with a few exceptions. Canada gave the British West Indies a tariff preference of 50 per cent on all dutiable articles other than tobacco, cigars, cigarettes and spirituous or alcoholic liquors.

A third and more extensive trade agreement, the one now in force, was signed on July 6, 1925, and came into operation on April 30, 1927. This agreement broadened the exchange of preferences still further and made various special provisions for individual products and for individual colonies. It provided that import duties on Canadian products may not exceed certain percentages of the most-favoured-nation rates. These percentages vary in different colonies: for example, they may not exceed 50 per cent in Barbados, British Guiana and Trinidad, or 75 per cent in Jamaica. For a few other products—notably flour, dairy products, meat, fish, apples, potatoes and alcoholic beverages—specified margins of preference that were set forth in the agreement were granted to imports from Canada. In fact, virtually every product imported from Canada received some tariff preference.

For its part, Canada granted free entry to a number of British West Indian products and consolidated margins of preference on most dutiable imports, including sugar. The most important preference was that on raw sugar when im-

ported by refiners for refining in Canada. The bound margin of preference on 96-degree sugar was increased to $1.00 per 100 pounds under the 1927 agreement, and other raw sugar imported by refiners received equivalent preferential treatment. Other important products on which Canada granted preferences were bananas, cocoa beans, rum, coffee and spices. In addition, Canada gave a general undertaking that the duty on all goods imported from the West Indies but not specifically enumerated in the agreement would at no time exceed 50 per cent of the general tariff of Canada.

This agreement was to remain in force for twelve years. However, because of the war it was renewed in 1939 for an indefinite period. It may be terminated on six months' notice.

As we can see, Mr. Speaker, the trade situation between Canada and the British West Indies is not too bad. On the other hand, I say that there is room for improvement and that Canada could find profit in intensifying this trade.

In the same publication, Mr. Rex Stollmeyer, trade commissioner for the British West Indies, British Guiana and British Honduras, in Montreal, writes this:

The hope that Canadians will avail themselves of investment opportunities and incentives in the British West Indies is based on three factors. In the first place, Canadian investment will contribute to Caribbean development and this in turn will increase trade and West Indian purchases of Canadian exports. Second, investment in the West Indies has particular advantages for Canadians. Hitherto investment in the small, fragmentary markets has not been attractive. Under customs union and free trade conditions in the next few years a British Caribbean market of three million will emerge, a circumstance which is already stimulating investment interest. Branch plants in the Carribbean could serve as bases for distribution within the area and to the adjacent Latin American countries. More important, plants established in these soft currency territories could serve other commonwealth areas without encountering the currency problems faced by home-based Canadian exporters. Another approach would be for semi-finished products to be sent to plants in the area for the final stages of manufacture.

Secondly, the tourist potentialities of the area are far from fully developed and in some territories are almost completely unexploited.

Finally, there is a persistent and considerable amount of Canadian interest in the British West Indies which has always lent grace to the trading relationship. The West Indies hopes soon to be the second Dominion in the New World, a development which ought to lead to a maturing of this long-established and reciprocated sentiment. Much has been said about the complementary nature of the two economies from the point of view of both trade and investment. Nothing could be more conducive to Canada-West Indies solidarity than that trade between the two areas should grow. This will require greater West Indian purchasing power through development. And Canada could contribute to that development through sustained imports from the area, an inflow of tourists, and the injection of investment capital in industrial development and the tourist trade.

However, before explaining the part played by Canadian capital in trade with the British West Indies, Mr. Stollmeyer had carefully recommended the following encouragement to investments:

Over-riding requirements for a viable West Indian economy (itself a prerequisite for autonomy) are capital and know-how. Currently the territories are making efforts of varying degrees of intensity to improve their agriculture, to encourage industrial development, and to stimulate the tourist trade. In the two latter fields, greater attention is being given to attracting capital from overseas. Several inducements are being offered to investors in industry. All the territories allow new or underdeveloped industries periods of freedom from income tax ranging from five to seven years, with duty-free import of plant, equipment and machinery for such "pioneer industries". In addition, some territories, notably Trinidad, offer special rates of depreciation following the "tax holiday"; these are calculated to ease the impact of income tax. Jamaica goes farther, with an Export Industry Encouragement Law which affords duty-free entry of raw materials in addition to the usual income tax and duty concessions to companies manufacturing solely for export. An International Business Companies Law provides perpetual freedom from income tax for business companies not trading in the British West Indies, British Guiana and British Honduras.

The tourist industry has become a major source of revenue, and particularly of dollars, for the British West Indies as a result of the great number of Canadians and Americans visiting the islands. Prospects for expansion are excellent. Promotion programs are constantly under way to increase the flow of tourists throughout the year. The tourist interests of all the territories are represented by the office of the trade commissioner in Montreal —with the exception of British Guiana, which has separate representation, and Jamaica, which maintains a tourist bureau in Toronto.

Recent years have brought great pressure on resort facilities in the British West Indies. Local investment in tourist accommodation has increased and considerable overseas capital has come into Jamaica and, to a somewhat lesser degree, into Barbados and Trinidad. The pace of investment in the area as a whole, however, has not been quick enough and some of the territories have passed incentive legislation aimed at encouraging it. Generally speaking, this legislation offers freedom from income tax during initial stages of operation, plus freedom from import duty on capital equipment. Three territories—British Guiana, Jamaica and Trinidad—publish attractive booklets describing development conditions and outlining inducements for investment in industry and the tourist trade.

Mr. Speaker, those are a few opinions I have gathered from authorities on the matter we are considering. I feel that if we read this material it will help us give better and fuller consideration to the matter of trade with the British West Indies in order that the greatest possible number of Canadians may benefit from this market which, in the long run, will prove very interesting for the whole of Canada.

(Text):

Mr. R. S. MacLellan (Inverness-Richmond): In rising on this resolution, Mr. Speaker, I am mindful, as have been the other members who spoke here this afternoon, of how important is our trade with the West Indies. In 1957 it provided the second largest market Canada had in the British commonwealth of nations, surpassed only by our exports to the United Kingdom. In 1956 we sold $49 million worth of products in the West Indies. In 1957 our export trade totalled over $61 million. This market is all the more important when it is recalled that about 85 per cent of the goods that Canada sells in the West Indies can be classed as manufactured or semi-manufactured. By comparison only 15 per cent to 20 per cent of the goods we sell to the United Kingdom are manufactured or semi-manufactured. As an example, we sell wheat to the United Kingdom, whereas we sell flour to the West Indies. About 10 per cent of all Canadian flour finds a market there. Other manufactured goods that we sell to the federation consist of boots and shoes, paint, small furniture, machinery, rubber goods, steel pipes and tubes, fittings and other similar products.

Many of our products which we find it more difficult to sell in the more highly developed parts of the world are able to find a market in the British West Indies because these islands are not yet industrialized and they are not attempting, so much as other countries, to protect home industries. Our trade with the West Indies is very important to every part of Canada. The west coast sells lumber and canned salmon; the prairies sell flour; Ontario and Quebec sell a large variety of manufactured goods. But the participation of so many maritime members in this debate today, is evidence of how important the Atlantic provinces regard this market. We, in the eastern provinces, think it holds a special attraction for us. At the moment we sell a large quantity of fish in the West Indies. Our sales have increased from about $900,000 in 1937, to $3.5 million in 1947 and to $6.1 million in 1955. We also find a market there for apples, potatoes and other foodstuffs, and for some manufactured products such as boots and shoes. We hope to be able to increase our sales and our present exports to the West Indies of these non-manufactured goods.

However, the great prospect so far as we are concerned of this West Indian market is a sale for manufactured goods as maritime industry expands. As hon. members all know, the chief problem that faces the Atlantic provinces today is the problem of industrialization. We must manufacture goods in our provinces, to provide employment there and to increase the gross product of our provinces. Before confederation, the Atlantic provinces could sell in two directions. They could sell to the people in the West Indies and to the cities of the United States; and, they could sell up the St. Lawrence to Ontario and Quebec. Indeed, prior to confederation we enjoyed a very favourable geographical position astride the main shipping lanes and water routes from Montreal and Quebec, to eastern United States cities and to the ports of the West Indies. The ports of Halifax and Saint John and Louisburg were midway ports where sailing ships could stop to be refitted and supplied. This was a very important trade in the early days of Nova Scotia and New Brunswick.

Then, suddenly the east-west traffic that developed as a result of confederation cut off the advantage of the maritimes in this traffic between eastern United States and West Indian ports and Ontario and Quebec. When manufacturing capital came into Canada it came into the central provinces for the very simple reason that the more central location made it possible for factories there to sell east and west. At the same time the factories in the maritimes could not compete with the factories on the scene in Ontario and Quebec. Of course, the transportation edge that the central provinces had, meant the decline of industries that flourished in the maritimes before confederation, and an ever increasing lack of opportunity.

Any manufacturer who wishes to establish an industry, must first of all look to his local and domestic market to build up primary sales which are his "bread and butter". If he has a good local market where he is sheltered his primary profits at home will build up his capital and establish him. Then after his industry has had a chance to root he can look for wider markets in other areas to increase his profits. Our problem in the Atlantic provinces has been that we do not have a sufficient local market to allow our infant industries to root. They must, from the first, enter into the highly competitive Ontario-Quebec market.

In terms of this geographical situation the possibility of a market in the West Indies is a very interesting prospect for the Atlantic provinces. We are 1,000 miles closer to the West Indies markets than are the factories in the Montreal area; about 1,200 miles closer

than the factories in eastern Ontario. We should be able to manufacture and sell goods to the 3.5 million people who live in the British West Indies cheaper than similar goods can be sold by other Canadian factories. We should be able also to bring goods to this market cheaper than they can be brought from the United Kingdom. It is true that the annual income of the people in the West Indies is not high. This market can absorb only a limited quantity of Canadian goods from any area. Nevertheless, added to the population of the Atlantic provinces, the 3.5 million people in this federation will greatly increase our chance of a sufficiently sheltered primary market to give industries in the eastern provinces an opportunity to develop.

It is certainly to the advantage of our Atlantic provinces in particular that Canada should develop trade with the West Indies federation, and that these islands should prosper and increase in wealth. It is obvious that Canada would be unable to compete in this West Indian market at all if it were not for the preferential tariff that we enjoy. United States factories can produce cheaper. They are closer, and without the preferential tariff assistance we could not place goods to any considerable degree in this West Indian market. Even now the value of the goods we sell there does not approximate what is being sold by United States industries. Every year the United States sells the islands considerably more manufactured goods than we do, despite our preferential tariff.

Our goods do find a market in the West Indies, because we have this preferential agreement and simply because we buy more goods from the West Indies than does the United States. Nearly 80 per cent of the exports of Barbados and 40 per cent of the exports of Jamaica consist of sugar and molasses. About 70 per cent of these products is purchased by the United Kingdom, and a large amount of the remaining 30 per cent is purchased by Canada.

Since 1903 the United States has given special tariff preference to Cuba, the Phillipines, Puerto Rico and Hawaii. When the West Indies were denied an American sugar market, they turned to Canada. Our trade with the Caribbean countries has stemmed from the fact that we have purchased their sugar. In recent years, of course, the discovery of bauxite deposits in British Guiana and later in Jamaica, from which most or a large part of the aluminum that is produced in Canada is made, greatly increased our trade with the West Indies.

There can be no question that we can greatly increase our exports to the British West Indies if we give proper care and attention to this market. In 1947 we sold $61 million worth of products in the British West Indies. By 1950 the value of our exports had fallen sharply to $21 million. The figure has been improving steadily since then but still at $51 million, it is far from the amount that we sold to the British West Indies in 1947. We should be able to improve our export position in the British West Indies very substantially yet.

Mr. Speaker, I certainly agree, as is proposed by the resolution, that we should eliminate or at least decrease our tariff with the British West Indies as a method of expanding our trade in that area. While I support the resolution, I am aware that there are great obstacles to its fulfilment. One of the difficulties, as has been mentioned, is the fact that the federation has not yet achieved a tariff agreement or a customs union and each of the islands still has its own customs system. To do business with the federation on that basis would be very difficult. The commission on trade and tariffs set up under the chairmanship of Sir William Croft has not yet submitted its findings as a result of its inquiry into the tariff and customs problems of the area. No doubt any move towards free trade with these islands would have to await the adoption of that report and the accomplishment of a customs union among the islands.

I also realize, Mr. Speaker, that it is doubtful that the islands or the British West Indies federation could remove all tariffs. As we all know these islands, like many other undeveloped areas, do not have the same tax sources to rely upon as we have. There is no substantial income tax possibility in the British West Indies and an important part of the revenue of each of the governments that administrates these islands is from tariffs and customs. It is very doubtful if they or even the federation could agree to eliminate all tariffs since such a large part of the revenue of the federation, as formerly to the governments of the islands, comes from tariffs and customs duties.

There is another very serious consideration as far as we are concerned, Mr. Speaker, that I recognize will have to be faced if this resolution were adopted. I refer to the fact that further or more complete free trade or a more complete trade union with the British West Indies federation could imperil other important markets we have in the Caribbean area. We have in Cuba and in other countries in that area important markets which we could possibly lose if we entered into an agreement with the British West Indies which made it too difficult for these other countries to sell to us. These markets, have to some extent been much

more important to us than the British West Indies market. For example, while our fish exports to the British West Indies are important, we cannot afford to have our markets in the other islands there cut off.

In the three years from 1954 to 1956 our average fish sales in the Caribbean area totalled $14,096,000. Of this amount 62 per cent found markets in non-British Caribbean countries, while only 38 per cent was sold to the British West Indies. It can easily be seen that the 62 per cent we sell to non-British countries is too important a market as far as the Atlantic provinces are concerned for us to take any risk of losing it or impeding it. Furthermore, our market in the non-British West Indies is oftentimes more lucrative than is our market in the British West Indies. As hon. members all know, over the last few years our sales of salt fish in the British West Indies have not been as lucrative as they could be or as they have been in non-British countries. The whole matter will have to receive serious study. I say, of course, that I support the resolution and that the matter of freer trade with the British West Indies is important not only to the Atlantic provinces but to all of Canada.

There is another thing that we must face with regard to trade with the West Indies. It is not simply a matter of our reducing or eliminating tariffs to see our trade suddenly increased tenfold with the British West Indies. The simple fact is that if we are going to have a larger trade with these islands we must be prepared to buy more from them. At the moment the chief disadvantage to trading with the islands is not so much tariffs as it is quotas limiting our sales to them. The islands' purchases of our products must be limited by our purchases from them. Despite the preferential tariff that we have, Canadian goods going into the West Indies meet a quota system that puts an arbitrary limit on the amount of goods that we can sell there. The only way in which we can conquer that difficulty is to assist the West Indies to find a larger market for goods in Canada.

In the case of molasses, ginger, nutmegs, lime juice and arrowroot, the colonies now sell to about half the Canadian market. They have half the market in regard to these products. But they supply only 10 per cent of our cocoa and less than 1 per cent of our coffee. We could greatly increase our purchases of coffee and cocoa, and of course we could greatly increase our purchases of bananas and citrus fruits. Prior to 1939 we bought half of our bananas from the British West Indies. The war, hurricanes and plant disease brought this trade to an end. Since the war, producers in Central America have captured the market here and efforts to reintroduce Jamaican bananas have been unsuccessful. The simple fact is that the large banana market that the West Indies once had in Canada was lost and the producers of bananas in that area do not now have the funds or the ability with which to build up in Canada a distribution system that could sell their bananas here. No matter how much we should like to help them in that regard, their products have to be warehoused and sold to the wholesaler and of course ultimately to the consumers. At the moment the banana market in Canada is tied up by a large United States complex that produces this product in Central America, and it would be quite a problem for the West Indies federation to increase its market in Canada for this very important product of the islands.

Mr. Speaker, over the last 200 years our trade and our relations with the British West Indies have been very important to Canada. We in the Atlantic provinces in particular are tied to them with friendly memories that are as old as the settlement of the Atlantic provinces and as old as the cities of the east. Our economies are not competitive. The products that they grow, such as citrus fruits and fruits of the tropical variety, are not products that we can grow here. We can provide a market here, if we wish to do so, for the products of the West Indies. At the same time the products that we grow in this temperate climate in Canada are not such as can be grown in the British West Indies. We should be able to find a greatly increased market there for products which they do not grow well and which are not indigenous to that climate. We should be able to increase our sales of potatoes, beef and many other similar products in the Caribbean area but it is most important that we should not think the only thing we need to do in order to increase our sales to the West Indies federation is to decrease or eliminate our tariffs.

The tariff is only a very small part of the problem. Before we can enter into a free trade relationship or greatly increase our trade with the federation it must have a chance to settle down, to form its customs union and to gain strength as a nation. A federation formed this year can hardly be expected all at once to achieve a solution to all the internal problems which it faces, many of which are an impediment to its trade with the outside world, particularly with Canada. We must wait, therefore, for many of these problems to be overcome.

The trade carried on between the West Indies and Britain is very vital to the federation. The grants and aid of the United Kingdom over the years have kept the island governments in revenue. We cannot expect to cut too sharply into the extensive trade between the islands and the United Kingdom until the federation has reached a point where it is more self-sufficient. Certainly I support this resolution and I feel it is greatly in the interests of Canada generally and in the interests of my part of the country in particular to see trade fostered and increased in that area. We should assist the new federation in any way we can and by so doing I believe we will be making a great investment for Canada.

Mr. E. L. Morris (Halifax): Mr. Speaker, the taller member for Halifax (Mr. McCleave) has already taken part in this debate and I have no wish therefore, on the short end of the Tory ticket, to defer the consideration by the house of the resolution before us. There are, however, two observations I wish to make which I will illustrate with some factual material from one industry which I know has captivated the attention of many hon. members today. I have in mind the fisheries industry.

It seems to me that while the resolution in its present wording is attractive, here is a field in which we should make haste slowly. The institution of free trade cannot, alas, be brought about by resolutions and as the hon. member for Inverness-Richmond (Mr. MacLellan) has just pointed out, there are sizeable obstacles in the way of this particular resolution, primarily having to do with matters of currency but also with respect to the present negotiations within the West Indies for its own customs union. Without any finality in this respect we cannot anticipate an early or an agreeable settlement of the trade problems which exist between this country and the West Indies.

There are also important problems concerning the several branches of Canadian industry which are not supplementary to West Indies industry and which should be carefully considered before we advance too hasitly into something which may look at the moment and may in time prove to be attractive, but which at present has in its way many difficulties.

We on this side of the house are mindful of the fact that one of the surest tests of friendship—as we were reminded the other day in this very house by the President of the United States—is the capacity to speak frankly. While free trade between Canada and the West Indies may be desirable as a goal it ought not to be overlooked that there are problems to solve and if we intend to provide for the people of the West Indies that comradeship in the British tradition which they seek in a divided world and for which they have looked in the first instance to Canada, then we ought to be able to deal frankly and candidly with them in respect of our present trading problems.

The hon. member for Bonavista-Twillingate (Mr. Pickersgill) in a very informative speech this evening mentioned many other matters including the desirability of a federal subsidy—if I understood him correctly—which would equalize the shipping costs on Newfoundland salt fish with that of Nova Scotia.

Mr. Pickersgill: I am sure the hon. gentleman must have misunderstood me. I did not suggest a subsidy for that purpose at all; I did suggest that if Canadian National steamships could be operated from Halifax and St. John's as well then presumably the rate would be equalized.

Mr. Morris: I am very sorry, I did misunderstand the hon. gentleman.

Mr. Pickersgill: I think the question of a subsidy came up in connection with the rate on sugar to Saint John in New Brunswick.

Mr. Morris: Yes, of course it did. I am sorry and I understand the clarification now made. However, the hon. member will agree that this matter of subsidies has been presented before, indeed recently in the other place, and I would like to refer to the St. John's *Telegram* of July 2, a newspaper with which I am sure the hon. member for Bonavista-Twillingate is fully familiar, which quoted a political friend of his as having said in the other place that a federal subsidy is, in effect, desirable in order to equalize shipping costs. It is upon that point, in any event, which I wish to dwell at this moment.

I do not think it is widely understood that the matter of federal subsidies came up several times while the Canadian National (West Indies) Steamships were operating. The equalization of freight rates from St. John's and Halifax to the Caribbean market might be a serious blow to Nova Scotia fish exporters and we would like to have this borne in mind with respect to consideration of future trade relationships between the two areas. It is, for instance, true that about 75 per cent, or perhaps more, of the salt fish we now process in Nova Scotia and export to the Caribbean actually originates in Newfoundland in its salt bulk state. This fish is brought into Nova Scotia as salt bulk fish at a very substantial freight cost to our exporters and, what is more, freight is required to be paid on each 165 pounds of wet produce which

ultimately comes down to 100 pounds of dried fish. This great cost is an additional expenditure borne by the Nova Scotia salt fish dealer, so that we have a higher freight rate than Newfoundland has in respect of shipments of dried salt cod to the Caribbean, that is, higher via Halifax. Therefore equalization of freight rates such as suggested in the other place would, we think, put our Nova Scotia exporters or could put them at a very serious disadvantage in competing on fish sales to the Caribbean.

I do not think it is widely understood, furthermore, that the people of the West Indies are not the largest importers of Canadian fish in the Caribbean area. Perhaps the erroneous impression has been given this afternoon that the West Indies are Canada's most important salt and pickled fish market. The British West Indies are not Canada's most important salt and pickled fish market. That is, not in the Caribbean. In all, the non-British West Indies market takes about 60 per cent of Canada's salt and pickled dried fish.

Mr. Pickersgill: The hon. gentleman means "non-British" does he not?

Mr. Morris: I was just coming to that point. The non-British takes 60 per cent and the British portion takes only 40 per cent. That is, the percentage of our exports going to the British West Indies territories in the Caribbean is 40 per cent. Without taking into account the higher per capita earnings of the consumers and the higher standard of living in the various countries of the British West Indies or, if you wish, the entire Caribbean area, the combined population of the British West Indies is between three million and three and a half million. But the combined population of Cuba, Haiti, Puerto Rico, Panama and the Dominican Republic is over 15 million, and in advocating free trade with the British West Indies we should have regard to the fact that the total consumer population there is only one-fifth of the population of the non-British part of the Caribbean. Jamaica has traditionally been the largest of the British West Indian markets, with imports in the area of 17 million pounds of salt cod annually, and it is upon this point that I wish to dwell for a moment.

This Jamaican market involves a consumer price ceiling at the present time; a consumer price ceiling which, as far as the Canadian fisherman is concerned, prevents the normal laws of supply and demand from functioning. For instance, at this moment, while we are debating here, mackerel is in short supply on the Canadian east coast. Yet the Jamaican market, by imposing a consumer price ceiling, prevents the normal play of the law of supply and demand, and, in effect, deprives Canadian fishermen of the price increase which they would normally expect to result from the short supply reaching the market. This consumer price ceiling on the Canadian salt cod is a hand-down, a carry-over from the second world war, but it still exists; the price ceiling in Jamaica, has in fact, in recent months been lower than it was four or five years ago, so the law of supply and demand does not operate fully, and for years Canadian fishermen have not been able, when exporting to this consumer price ceiling market, to take normal advantage of short supplies. In addition, there was a single price for all five sizes of the product which we export.

Mr. Speaker, in assessing the desirability of moving toward a free trade complex with the West Indies I should like to suggest to the government that consideration be given to the fact that some hon. members feel that the maintenance of these price ceilings is not entirely compatible with the present preferential trade advantage which we give to such countries as Jamaica, for instance. We find, for example, that under the Canada-British West Indies trade agreement the Canadian import duty on raw sugar imported from Jamaica is now 28 cents per 100 pounds as compared with $1.28 per hundred pounds on sugar exported to Canada from such countries as Cuba and the Dominican Republic. I suggest that hon. members from Nova Scotia representing fishing groups such as exist in my own large constituency may well feel that granting this preferential trade, which I am sure is a desirable thing in the eyes of the mover of this resolution, to the British West Indies producers has in fact led to the curtailment of the sales of our Canadian salt and pickled fish in the Jamaican market. In 1926, before the Canada-British West Indies treaty was proclaimed, Canadian fish entered Cuba, for instance, at a duty of $1.30 per 100 kilos. In 1930, I find, Cuba raised the duty to $3 and increased it again two years later to $5.50. The rate of duty today is $4 per 100 kilos.

I should like to suggest to the government and to the minister who will be most concerned with this resolution before us that in considering what has been said here today he should take into account that if there is to be a continuation of preferential trade, or an expansion of it; if there is to be a continuation of the present tariff preferences by Canada to the West Indies, that these tariff preferences be bargained against the elimination of or the reduction in the number of consumer price ceilings on the product which we try to export. We think that there are

discriminatory restrictive controls on the import into Jamaica of certain Canadian products. I have in mind, especially, the Jamaican ceiling on salt cod. And I believe it is true that instead of there being any widespread indication of a change in the attitude of the Jamaican government in regard to this matter, the government of Jamaica did in fact negotiate this year, as the hon. member for Bonavista-Twillingate well knows, for the purchase of 3,000 tons of salt cod from Iceland, and this after years of preferential treatment in our markets. This is a considerable amount, more than one-third of the normal importation of salt cod in Jamaica.

Some of us feel that it is not unreasonable to ask the government to consider, in extending preferential trade agreements or in continuing them in their present form, and having regard to the traditions of British fair play and British friendship and candour, to consider the fact that sometimes these preferential trade arrangements as steps along the way to free trade sometimes do not work out in practice as the words in the resolution suggest they will.

The association of fish dealers in Nova Scotia has computed that in 1956, the last year for which comparable statistics in all fields of trade were available, the total dollar value of all the salt and pickled fish that we Canadians sold in the Jamaican market alone ran to about $3,250,000. By virtue of the sugar preference alone, the Jamaican sugar industry received in preferential treatment what amounts to a figure over $2,500,000. That is more than would have been realized if, for instance, the $1 per 100 pounds preference had not existed; that is, if it had been eliminated entirely. One could say, expressing it another way,—although this probably suffers some of the exaggeration of brevity—that the Canadian government would have been worse off only to the extent of about $350,000 in that full calendar year 1956 if it had donated the salted and pickled fish that Jamaica purchased from Canada instead of giving the sugar preference at all. So that preferential trade has not always worked to the full advantage of the Canadian industry.

Nothing that I have said in giving this as one illustration is intended in any way to diminish the placidity with which this debate has been conducted today. It has been free of partisan rancour. We have all tried to give expression to what is foremost in our minds and that is the good of the people whom we were sent here to represent in the first place, and the good of all Canadians, in the second. If I have made any point at all it is the simple one of using the argument of the impact of trading relationships upon the industry in my area; indeed the desirability in these matters of making haste slowly.

I should like to suggest to the Minister of Trade and Commerce (Mr. Churchill) that at some future time when he is considering the complex of trade delegations to markets as important to hon. members on all sides of the house as is Jamaica—which I understand according to the press a trade delegation may visit next February—

Mr. Pickersgill: Mr. Speaker, I wonder if the hon. member would permit a question. Has he seen the statement that was made by the Minister of Trade and Commerce during the course of the discussion of his estimates when he offered us very great hope that the Jamaican situation was going to be cleared up? I am sure we all share that hope and none of us would want to say anything here that would make the minister's task more difficult.

Mr. Morris: Mr. Speaker, I am not unmindful of what the minister said here about the desirability and the imminence of an early improvement in the Jamaican relationship but surely the hon. member for Bonavista-Twillingate does not suggest for one moment that this improvement in that relationship be achieved in the manner in which his group used to achieve satisfactory relations in the front benches by the imposition of censorship upon the back benches. I have made certain statements in the interests of my constituents. They are offered in the best of good faith. Since I am not a member of the treasury benches, nothing I could say could possibly do other than contribute to the fair and frank exchange of opinions. I am even prepared to suggest that what I said tonight may very well be wrong but it was not said with the intention of misleading the house nor in the belief that it was wrong. I have merely explained one transitory condition along the way to a desirable goal. This is of importance to me because it is of importance to my constituency—

Mr. Pickersgill: And also to mine.

Mr. Morris: —and to fishermen all along the coast. It is also important to Newfoundland fishermen—

Mr. Pickersgill: It certainly is.

Mr. Morris: —who have lost a goodly part of their market. By way of final comment I wanted to make a point which I believe the hon. member for Bonavista-Twillingate has made for me by his interjection and that is that the problem of international trade, like many other problems, cannot be solved satisfactorily by the glossing over of words. What is required is that in moving toward

a more desirable and prosperous trade for our people and for all peoples we should have in mind that there are problems along the way, and that the satisfactory way to solve these problems between mutual and trusting friends is to do so frankly and in the open light of day.

Mr. M. J. A. Lambert (Edmonton West): Mr. Speaker, today we have heard speakers mostly from the eastern regions of Canada and perhaps hon. members would wonder why a member from western Canada should rise to speak on this particular subject. In reply to that question I would say that coming from a surplus producing region of this country—like hon. members from various other sections of western Canada—we have an inclination toward free trade or trade that is as free as possible because we fully realize that if we are to dispose of our surplus products we would prefer having not to contend with any artificial barriers, or as few as possible of these.

The resolution before us this evening strikes me as being rather premature and while I perhaps fully apprehend the motives of the hon. member who proposed the resolution I am wondering whether he has achieved his true intention, whether he wanted free trade with the Federation of the West Indies. I would have thought that the hon. member would have recognized that in the foreseeable future and until world economic and sociological conditions change such a goal would be unattainable.

There are certainly some very practical obstacles to free trade with the Federation of the West Indies and indeed with many other countries although we would perhaps be governed by the particular trading position we were in when deciding about the desirability of free trade of this kind. First of all there is the General Agreement on Tariffs and Trade. Since we are tied in with many other Carribean countries—as is the United States which in particular has extensive interests in Central America and the Caribbean region—we could not possibly enter a free trade agreement without very wide and sweeping amendments to the GATT. I would suggest that at this time the obstacles would be insurmountable.

Then, too, the matter of free trade is not something that can be imposed by one country on another. Perhaps we would be prepared to consider free trade but we must first know what is the position of the Federation of the West Indies in this connection. They are possibly the newest entity in the commonwealth but so new are they that they have not even worked out a free trade arrangement among themselves. Before free trade between Canada and the West Indies would be possible, I suggest that they would require to have their domestic situation sorted out. I would suggest to you, Mr. Speaker, that their own problems will not be solved tomorrow.

I agree that there is a field in which Canadian trade can be developed to a considerable extent in the future, but until they are prepared to deal with us how can we be in a position to enter into such an agreement as is proposed by this resolution? They would have to work out a customs union amongst themselves or do as we do here in Canada where we have at least nominally free trade among the provinces. I would suggest that there may be some obstacles to interprovincial trade but our constitution says that there should not be. However, that is not too apparent in some cases.

Then, there is another difficulty. The West Indies federation operates within the sterling bloc, and that presents an immediate problem. The federation is not the master of its own ship in matters of its currency convertibility. We are dealing at the present time, in so far as the West Indies are concerned, with quantity restrictions. Imports from Canada are limited by quantity restrictions.

However, it is interesting to look at the trade statistics for 1957. We find that those colonies within the commonwealth, which now make up the Federation of the West Indies, sold goods to Canada to the total value of a little over $58 million in 1957, but we sold to them only $40 million worth. Since we are considering this matter, I would say that a number of members and quite a few of the Canadian public, along with myself, were rather surprised at those figures. They would have believed—I certainly assumed it before I made my investigation—that we had sold a great deal more to the federation than we imported from them, but such was not the case. Our greatest single import, of course, is aluminum bauxite from Jamaica. Then we have sugar and sugar products, particularly raw sugar.

To get back to what benefit would result in greater trade with the West Indies, or what benefit could be derived from greater trade with the Federation of the West Indies, in addition to the untold quantities of fish of which we have heard a good deal this afternoon and this evening, they could absorb agricultural products from western Canada in the form of flour particularly and perhaps meats. With the advent of the St. Lawrence seaway and a lower cost on the transportation of wheat I believe that we could certainly compete advantageously in the West Indies market with our flour. However, there we have certain competition from our friends across the line who in latter years have

shown that they too consider this to be an opportune market and they are prepared to be very competitive about it.

We in western Canada find ourselves at the greatest possible distance from the source of citrus fruits. I had always wondered why it was necessary to buy most of our citrus fruits from California, Texas, Louisiana and Florida, and why we did not see any from the West Indies. I am told—and here I am merely going on hearsay—that there is a question of quality control; that naturally as far as western Canada is concerned the cost of transportation of certain types of citrus fruits would be high. However, with the improvement in refrigeration and the possibilities of bringing in cargoes of fresh fruit under refrigerated conditions to the lakehead and then by rail to the various markets of western Canada, I think there is an opportunity there. However, that is to come in the future.

As I have said, Mr. Speaker, what I suspect is that the aim of the hon. member who proposed this resolution is not so much free trade with the Federation of the West Indies as the expansion of trade with that federation. I believe all hon. members and the Canadian public would be prepared to go along with him, but the question of free trade, as I have indicated, is entirely something that is so far away as to be completely impracticable. As the hon. member for Halifax (Mr. Morris) pointed out a few minutes ago, the small proportion of the population of the federation compared to the whole Caribbean area would, I suggest, create very grave problems in our trade relations with other areas such as the countries of South America which border on the Caribbean, and the Central America states to whom we sell and from whom we buy a lot.

Some hon. Members: Ten o'clock.

Mr. Lambert: Therefore, I think that at the present time this whole question is entirely premature.

The Acting Speaker (Mr. McGee): I am sorry to interrupt the hon. member but his time has expired and I see it is ten o'clock.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I ask the acting house leader what the business will be for tomorrow?

Mr. Churchill: Yes. Following the outline given by the house leader last Thursday, we will start with the adjourned debate on the second reading of Bill No. C-31, to amend the Prairie Grain Advance Payments Act, which is No. 57 on today's order paper; followed by the resolution to amend the Prairie Farm Assistance Act, in the name of the Minister of Agriculture, and being No. 64 on today's order paper; and then take up the budget resolutions. If we complete that business we shall proceed with the resolution standing in the name of the Minister of Agriculture dealing with the Animal Contagious Diseases Act, which is No. 63 on today's order paper, and then we shall resume the debate on the resolution standing in the name of the Minister of Transport amending the Department of Transport Act, which is No. 60 on today's order paper.

Mr. Chevrier: May I inform the minister that I understand from the Minister of Transport it is his intention to abandon this resolution.

Mr. Churchill: Oh, I see. If there is any change in this order, it will be announced at the opening of the house tomorrow.

Mr. Chevrier: Will the house proceed on Wednesday with the unfinished business?

Mr. Churchill: That will be announced tomorrow.

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

APPENDIX "A"

FEDERAL-PROVINCIAL TAX-SHARING ARRANGEMENTS ACT

SCALE OF ANNUAL PAYMENTS
(including Atlantic Provinces Adjustment Grant for 1958-59)

(in $000)

Province	1 1957-58 Final Estimate	2 1958-59 First Preliminary Estimate(c)	3 1958-59 Revised Estimate July(c)
Newfoundland	16,028	24,328	24,645
Prince Edward Island	4,136	6,652	6,652
Nova Scotia	26,407	35,231	35,291
New Brunswick	21,254	29,816	30,084
Quebec(a)	43,060	49,224	59,389
Ontario(b)	74,379	91,858	95,722
Manitoba	32,350	33,967	34,054
Saskatchewan	33,071	34,724	34,757
Alberta	43,636	45,819	47,010
British Columbia	58,983	63,198	63,198
TOTAL	353,304	414,817	430,802

NOTE:—1. The 1957-58 final estimates were based on the latest information available prior to the close of that year. They are subject to final revision when returns are complete, on or before December 31, 1958.

2. The 1958-59 first preliminary estimate was based on 95 per cent of the payments for the previous year except for British Columbia and Prince Edward Island where stabilization payments were included.

3. The 1958-59 revised estimate made in July is based on budget estimates of revenue returns for the year from individual income tax and corporation income tax and preliminary estimates of assessments for succession duties. Stabilization payments are included for British Columbia and Prince Edward Island.

(a) Equalization only.
(b) Rental of individual income tax only.
(c) In accordance with 1958 amendments.

APPENDIX "B"

ADDRESS

of

DR. KWAME NKRUMAH

Prime Minister of Ghana

to

MEMBERS OF THE SENATE AND OF THE HOUSE OF COMMONS IN THE HOUSE OF COMMONS CHAMBER, OTTAWA, ON MONDAY, JULY 21, 1958, AT 11 A.M.

Dr. Nkrumah was welcomed by the Right Hon. J. G. Diefenbaker, Prime Minister of Canada, and thanked by the Hon. Mark Robert Drouin, Speaker of the Senate, and the Hon. Roland Michener, Speaker of the House of Commons.

Right Hon. J. G. Diefenbaker (Prime Minister of Canada): Mr. Speaker of the Senate, Mr. Speaker of the House of Commons, and members of the parliament of Canada: Dr. Nkrumah, on behalf of the parliament and people of Canada I extend a warm welcome to you and your ministers who are associated with you on this occasion, Hon. Mr. Botsio and Hon. Mr. Baako. I welcome you as the prime minister of the first truly African state to attain dominion status within the commonwealth.

I first met Dr. Nkrumah at the prime ministers' conference in London last June, a few short months after his country had become an independent nation within the commonwealth. I think the emergence of Ghana to equal status within the commonwealth is symbolic of the commonwealth concept as it develops to meet change and changing conditions. Canadians have pride in the role that Canada has played in the evolution of this commonwealth. In this commonwealth, nations, equal and independent, join together in their dedication to freedom through the practice of parliamentary democracy in the tradition of the mother of parliaments at Westminster, thereby bringing peace, progress and prosperity to peoples everywhere in the world.

It was Sir Robert Borden who in 1919, following the sacrifices of the first world war, secured for Canada recognition of her sovereign status as a signatory of the peace treaty and as a member of the league of nations; further steps along that pathway have been taken by succeeding prime ministers of Canada. The commonwealth to me represents an institution which, in its inherent greatness, gives hope to mankind. A world organization of many races, beliefs and religions, we have no political uniformity without law or by law; its unity is in the dedication of its peoples to freedom; its glory is that all share in a common heritage; its purpose, peace for all mankind; the bonds of its unity maintained by the good sense, good will and good faith of its diverse peoples.

Because of this principle it does not stagnate in formalism. It is ever growing; it is living. From time to time in the years ahead other nations will join its ranks and two confederations, that of Nigeria and that of the West Indies, have not long to wait for membership.

If I might I should like to say a word as to the constitution of Ghana, for it illustrates what I have placed before you, namely that there is no uniformity in the political systems of the various portions of this commonwealth. Ghana has a unicameral legislature. Five regions comprise the state which came about through the uniting of the Gold Coast with Togoland. Each region has an assembly with powers which are not unlike those of our provinces. Each region has a House of Chiefs with power to consider any matter referred to it by a minister or the national assembly.

Mr. Prime Minister, the achievement of full self-governing membership in the commonwealth to which you led your people was a swift, orderly and constitutional march, a tribute to your devotion and a credit to the United Kingdom, which in its finest and best traditions paved the way for the emergence of your nation as a new nation within this commonwealth. Indeed, in little over half a century the commonwealth concept, adapted to the needs of your country, has brought about the transition of a land of diverse peoples with traditional African culture into a modern state with a new and energetic economic life, whose purpose it is to raise the standards of its people and to develop its resources and the talents of its people.

I betray no state secret, Mr. Prime Minister, when I say that last June and July I was deeply impressed by your ability and by your

personal character, and we became friends. I say that as a foundation necessary to the relationships which prevail as between those of us who have responsibilities in all parts of the commonwealth. We have something in common. We were both born on September 18, though you were born a little bit later than I was.

Your life, sir, is an Alger story. Born in a humble home, educated in your own country, you went abroad in order to widen that education in the United States of America, were graduated from Lincoln University and the University of Pennsylvania, and later attended the London School of Economics. I know your philosophy of life from personal conversation with you. However, I prefer to quote your own words on one occasion when you said this: In truth the burden of my life can be summarized in "The Memoriam" quoted by Cecil Rhodes—"So much to do, so little done".

You have done much. You have much still to do in order to bring about that unity among peoples, without regard to colour or race, which has been your life work. It is thus my pleasure to welcome you to Canada, and as a representative of an older partner of the commonwealth to welcome your country as one of the latest in the family of nations within the commonwealth.

I introduce to you the Prime Minister of Ghana, Dr. Kwame Nkrumah.

Dr. Kwame Nkrumah (Prime Minister of Ghana): Mr. Speaker of the Senate, Mr. Speaker of the House of Commons, Mr. Prime Minister, and hon. members of the parliament of Canada: It is a great pleasure for me to address this august assembly today. I wish to express the gratitude of the people of Ghana and my own appreciation for the honour your Prime Minister and his government have done our country by inviting me to pay this visit to Canada. I wish to thank you very sincerely, Mr. Prime Minister, for the kind words with which you have just welcomed me.

We in Ghana have a strong feeling of pride in our commonwealth membership. I had the privilege of attending the commonwealth prime ministers' conference in London last year, when for the first time in history the first African state entered that great and free association of states stretching across the world. The meeting provided an invaluable opportunity for establishing personal relationships with other prime ministers and political leaders, and I am particularly happy that I have been able to renew my friendship with your distinguished Prime Minister, Mr. Diefenbaker, for whom I have had great admiration since my first meeting with him.

On attaining our independence we in Ghana chose to become a member of the commonwealth of our own free will. We enjoy the same institutions of parliamentary democracy and the same climate of politics and public morality as the other members. We have the same respect for tradition and the same regard for ceremonial. We place the same value on the human individual and appreciate the dignity of restraint. We accept the sovereignty of law and the sanctity of the pledged word.

The family relationship between members of the commonwealth which we have already experienced and which brings together countries widely differing in race, religion and social background, is an example of international association which we shall always support so long as it continues to be based on sound democratic principles and respect for the sovereignty of the member nations.

Canada is in a sense the founder of the commonwealth, for it was in the conception of a free association between Canada and the mother country that the foundations of the commonwealth were laid. Canada has made a great contribution to the world by the successful working of her institutions, her government, the spectacular development of her national resources, and the constructive initiative taken in international affairs. The spirit of tolerance and mutual confidence among peoples of different racial groups that has evolved in this community is an achievement which is a shining example to all of us. Canada also serves as an invaluable link between the great North American continent and its people and the rest of the world.

We believe that Ghana, as the first truly African state to join the commonwealth, also has a contribution to make to the enrichment of the life of the world community. Just as you in Canada have given the world the benefit of your experience and views arising out of your position on this great continent, so we in Africa hope that we will also be able to contribute our views for the common benefit of the community of nations. We feel that through us and through other African nations a general understanding between the African continent and the various members of the commonwealth will be developed. We realize the great responsibilities that this position imposes on us, but we are ready and prepared to take up the challenge.

Recently we took the initiative in convening a conference of independent African states, a conference which proved to be most successful. I myself have recently returned from a tour of the capitals of the other states which participated in the conference. We are endeavouring to establish among ourselves in Africa a fundamental unity on

domestic and foreign policy which is, I think, of special significance to the role of the African nations in world affairs. We are determined to work together in the economic and cultural fields, with the object of raising the standard of life of our peoples and making a distinctive African contribution to international discussions and the achievement of world peace. We are determined that through mutual co-operation and collective leadership we free and independent African states shall not only safeguard our hard-won independence but also use all the means available to us to emancipate those of our brethren who are still under colonial rule.

I find nothing incompatible with our effectiveness as a member of the United Nations and the commonwealth in pursuing an African objective and projecting an African personality. On the contrary, I see in it great possibilities for good, because we should be able to bring to our deliberations in the United Nations and the commonwealth a better understanding of the African point of view, and make a distinctive contribution toward reaching acceptable solutions to our many problems.

I should like to take this opportunity to comment on certain aspects of our foreign policy. Basically the policy of our government is one of non-alignment and positive neutrality. I have emphasized on several occasions, however, that this should not be interpreted as a purely negative neutralism. On the contrary, we will always adopt whatever positive policy will do most to safeguard our independence. We have a vested interest in peace, and we will do everything in our power to support the United Nations.

Like many other small countries we have appealed to the great powers to suspend nuclear bomb tests. We pray that progress can be made in achieving some degree of disarmament, thus permitting part of the vast resources now applied to the barren task of producing still more terrible weapons of destruction to be transferred to the constructive and hopeful task of assisting the peoples in the less developed countries to eliminate disease and poverty from their lives.

I have come to Canada at a time when great international tension has been generated by recent developments in the Middle East. The attitude of my government to this situation was made clear in the statement issued on July 16, just before I left. We believe that any attempt to pass judgment on what has happened would at this stage simply heighten tension, and the task now is to secure a workable solution for the future. This, we suggest, could be based on three principles: the substitution of a United Nations force for the American troops now in Lebanon; the holding of free elections in that country under United Nations supervision, and the subsequent establishment of Lebanon as a free and independent state with a status of neutrality, internationally guaranteed on the analogy of Austria. As to the immediate situation, I am confident that I express the views of the leaders of the other independent African states when I say that all of us pray that the leaders of the great powers will come to an understanding which will spare us, who are not parties to their disputes, and the rest of mankind from the unbelievable horrors of modern war. Today, so it seems to me, the fate of mankind rests in the hands of a few men. I pray that they are fully aware of their vast responsibilities.

May I say how greatly we in Ghana have been impressed and inspired by Canada's record in the field of international affairs in recent years. We feel that common sense, decency and reasonableness have invariably reinforced the admirable attitudes you have taken in the United Nations and the wise counsel which you have contributed to the commonwealth.

One other aspect of our international relations on which I wish to touch is that of economic development. Like any other less developed country, we wish to banish disease, ignorance and poverty from our land. We realize that we can only do this in co-operation with other countries and governments. We are the world's greatest producer of cocoa, but like other one-crop countries we are at the mercy of world prices. As you know, the recession of the last year has already had disastrous political consequences quite apart from its economic effects for several of the governments of those less developed areas.

In our own case I attach the highest importance to increasing the productivity of our agriculture, and to starting the industrialization of our country. The cornerstone of our future development is the successful implementation of our great Volta river project for the production of aluminum. Here again the recession has affected our basic plans most profoundly for aluminum producers are now naturally reluctant to increase capacity. Like everyone else, I trust that this recession ends very quickly and that the expansion of the North American economy, which can so decisively affect our own hopes for the future and the hopes of all less developed countries, will soon be resumed.

It is this situation which to me most vividly illustrates the community of interest and common purpose which should exist between the dollar and sterling areas on the one hand and the less developed countries

on the other. The sustained development of the resources of the less developed countries would not only reduce their economic vulnerability and thus consolidate their vitally important political independence, but at the same time raw materials would continue to be produced for the more advanced industrial nations, thus ensuring the maintenance of high levels of employment and the expansion of world trade, a process which of itself is essential for the survival of the western economies.

In recent years I believe that the common interest and identity of purpose between the wealthier nations and the less developed areas has not been adequately recognized. I hope the forthcoming commonwealth economic conference will give adequate consideration to this basic truth, and in particular pay far greater attention than in the past to the political implications of economic development.

All of us in our separate ways, both as individuals and as nations, desperately seek for a world of peace where men and women may bring up their children in security and with confidence in the future. I believe that apart from general disarmament and the abolition of nuclear tests nothing could do more to achieve this hope than that all like-minded countries should gather together and co-operate in achieving sustained and balanced economic development among themselves, thus expanding world trade and improving the common welfare of all people.

Before I conclude I should like to express the appreciation of my government and the people of Ghana to this great country of Canada for the many manifestations of interest which you have already demonstrated in our affairs since independence, and for the very welcome assistance in a number of fields, economic, social and cultural, which we have received from you. We can best show our appreciation of this assistance by ensuring that it is used for the maximum benefit of all people.

May I thank you once again for the honour and privilege of addressing this great assembly. I pray that this occasion will always be remembered as the beginning of an enduring friendship between Canada and Ghana, a friendship based on a common belief in the dignity of all mankind and in the right of all peoples to control their own affairs, dedicated to the pursuit of peace. Thank you.

(Translation):

Hon. Mark Robert Drouin (Speaker of the Senate): It is on behalf of the Canadian Senate, Mr. Prime Minister, that I have the great honour of welcoming you to this house which, in your country as in ours, symbolizes the respect of our two peoples, Ghana and Canada, for parliamentary democratic institutions, those pillars upon which, notwithstanding differences in culture and tradition, rests the close unity of commonwealth nations.

This union of different peoples under the banner of parliamentary democracy is no mere gesture. The Canadian people which, as you have seen, are made up of various racial communities, have managed, through democratic institutions in their federal form, to fashion and pursue a common ideal and to respect each other's essential characteristics. It is with an equal respect for their diversity and an unshakable faith in their common ideal that Canada looks upon the nations of the commonwealth, whether they be African, like yours, Mr. Prime Minister, Asiatic or Anglo-Saxon.

You are the head of a new African nation, independent within the commonwealth and called to a high destiny, not only on your own continent, but in the whole democratic world as well. Heir to the traditions of ancient Africa's civilization and to British parliamentary institutions and conscious of the responsibility implied by that privilege, your country has already undertaken to give them dynamic and positive expression. Since your recent accession to independence, your government, with astonishing courage, has already started to develop the natural resources of your beautiful country.

Apart from your great love for Africa and your deep understanding of that country, you yourself, Mr. Prime Minister, have brought to your role of nation builder, an extensive knowledge of the North American continent gained during your studies in the United States. It is therefore with very special interest and understanding that Canadians look upon the unfolding of Ghana's destiny. Just as each of the two racial groups who inhabit both our countries are equal partners, enjoying the same rights and privileges, so each and every one of the nations of the commonwealth are equal partners jointly and severally pursuing objectives of peace and happiness.

Straight away and by right your country has become a full member of this great and noble commonwealth family. You are welcome into it and, beyond the Atlantic and the African continent, we extend a friendly hand to all the citizens of Ghana whose beloved Sovereign, it seems only fitting to point out, is also ours.

The people of Canada appreciate your having made us this visit in spite of your pressing responsibilities. On my own behalf and on behalf of the Senate of Canada, I ask you to accept our thanks for your kind words and to convey to your compatriots the expression of our sincere admiration and faithful friendship.

Visit of Dr. Nkrumah

(Text):

Hon. Roland Michener (Speaker of the House of Commons): Prime Minister Nkrumah, in bringing this memorable session to a conclusion may I add a word of thanks on behalf of the House of Commons. I assure you, sir, that our meeting today has been all too short, having regard to the significance of your visit and the interest you have inspired in us, and in all Canadians, in our brother country of Ghana. We should gladly have given you the unlimited time which is accorded in this chamber to a prime minister or a leader of the opposition, as against the few minutes which you have taken. It would have been a pleasure, too, to hear from the distinguished members of your government who accompany you, and whom we are so happy to welcome. May I express a personal regret that we are not able to meet that remarkable man, Sir Emmanuel Quist, the former Speaker of your legislative assembly, whose contribution to the establishment of parliamentary methods in your new legislature must have been indispensable.

Your visit, in your capacity as representative of the youngest member of the great and growing family of nations which make up the commonwealth, is not only appropriate but it is a touching recognition and furtherance of our fraternal relations. It gives to your older Canadian brother another opportunity to inspect and dote upon the new baby. I hope the metaphor will not be offensive. As Sir Winston Churchill might have said, "Some baby". In fact your phenomenal growth in political stature from the cradle to majority and independence in the last ten years is in contrast to our own unhurried but steady evolution over a century from colony to independence.

From 1791 to 1867 we had three constitutional advances to self-government, and took another 50 years to exercise independence in external affairs. In your case, if we leave out of account the Burns constitution of 1946, which within 18 months was described as outmoded at birth, you rapidly outgrew two new constitutions, those of 1951 and 1954, and reached full stature on March 6, 1957. Then you donned the constitutional garment which you now wear with so much apparent comfort and sophistication.

Apart from this contrast in the rate of our political growth there are many similarities in our history in the commonwealth family. As has been said, we gave the lead to the original four British dominions which, with the United Kingdom, made up the British commonwealth. You have given the lead to the African states. Your democracy, like ours, is modelled on that remarkable British invention of responsible parliamentary government. As I have said on other occasions, this common use of parliamentary institutions which runs throughout the nations of the commonwealth today gives us all an understanding and a confidence in each other's policies and politics which is a solid basis for future friendship and co-operation.

From what I read, you in Ghana have already mastered the parliamentary art. Your great speech in the independence debate, with its understanding of British policy and African needs, its eloquence and its sincerity, its apt quotations from Burke, Aristotle and Tennyson, was in the highest tradition. I am told, too, that if you had any notes on that occasion they were not the copious notes the Speaker hears about in some other houses.

Some other of your new parliamentary practices will endear you to our members. For example, you are reported once to have advised an exasperating member to go have a drink of orange juice. Your ministers, too, seem to follow familiar patterns in dealing with questions before the orders of the day. This example comes from John Gunther:

> Mr. Kusi asked the Minister of Agriculture and Natural Resources—
>
> (a) What is the estimated population of the tsetse fly?
>
> (b) Is there any evidence that the number is increasing?
>
> Mr. Casely-Hayford: (a) There is no available record of tsetse fly population.
>
> (b) In view of the answer to part (a) of the question, the answer is no.

We thank you, sir, for your visit and your message. It has been said that the darkest thing about Africa has been our ignorance of it. You are doing much to dispel this ignorance. We honour you for the outstanding leadership which you are giving in Ghana. We honour your country for its assumption of the responsibilities of self-government. So much depends in West Africa on its success and its example. Please bear with you when you return to Ghana the heartfelt good wishes of the Canadian parliament and people for all your high endeavours.

HOUSE OF COMMONS

Tuesday, July 22, 1958

The house met at 2.30 p.m.

RAILWAYS, CANALS AND TELEGRAPH LINES

Third report of standing committee on railways, canals and telegraph lines.—Mr. Fraser.

EXTERNAL AFFAIRS

MIDDLE EAST—FURTHER STATEMENT BY PRIME MINISTER

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I wish to make a further statement with respect to the Middle East situation, particularly in connection with the United Nations security council and the discussions which are taking place there at this time.

Yesterday I was not in a position to reveal to the house the manner in which it was proposed to arrange a meeting at the heads of government level while preserving the primary responsibility of the United Nations security council. Everything that has been done in the last two or three days—and I am not restricting my remarks to that period—has been designed to ensure that this matter shall be considered by the United Nations and that action outside of the United Nations shall not be taken.

Hon. members will have learned that Mr. Selwyn Lloyd, United Kingdom foreign secretary, announced in the House of Commons at Westminster this morning that if an extraordinary special session of the security council were convened in order to discuss Middle East questions, Prime Minister Macmillan would be willing to attend if other heads of government concerned were prepared to do likewise. As Mr. Lloyd pointed out, certain questions concerning the Middle East are already under consideration in the security council and it is only appropriate that the higher level talks now envisaged should take place in the same forum to provide for continuity.

The basis for such a meeting would, however, differ from the normal proceedings in the security council in that it would proceed by consultation rather than by resolution and would attempt to formulate binding conclusions only on the basis of mutual agreement. This would provide a flexible procedure which would permit the consultation at heads of government level to be a continuous process in which countries not members of the security council could be invited to participate as might be appropriate. Such a special meeting could meet publicly or in restricted session. It could make its own arrangements for future meetings and would adhere to no fixed timetable or agenda.

The initiative that has been taken is, I think, the kind of novel and I trust effective proposal which the present grave situation requires, and I hope it will receive the immediate support of all the states directly concerned with the pressing problem of the Middle East.

I am gratified to note that a statement has been released by the White House agreeing that a United Nations security council meeting of the character referred to by foreign minister Lloyd is clearly within the contemplation of the United Nations charter, and that if such a meeting were generally desired the United States would join in following this orderly procedure.

Yesterday I was able to say only that I was in personal and continuous consultation with Prime Minister Macmillan and President Eisenhower concerning this matter. The house will understand, too, that my guarded reference yesterday to the fact that the United Nations security council in session seemed to offer possibilities indicated at the same time that I was in full accord with both the purpose and the manner in which this initiative was being developed by the heads of government concerned. If we display that realism which is so necessary at this time I am confident that the way will be opened to these high level talks which the urgency of the matter demands.

While these negotiations leading to high level discussions have been going on, the security council's deliberations on Lebanon and Jordan have continued. At the meeting this morning the Soviet delegate proposed amendments to the Japanese draft resolution. I placed the terms of that resolution before the house yesterday, and I will not give any portion of it on this occasion. The amendments moved by the U.S.S.R. clearly changed the character of that resolution by calling for the condemnation of the United States action in regard to Lebanon and demanding an immediate withdrawal of United States forces.

In view of the stand taken this morning by the Soviet representative I am led to believe—and I hope that my prophecy in this regard is not borne out by events—that the security council's efforts to bring about a solution to the immediate problem in Lebanon and Jordan will fail.

It is unfortunate that the position taken by the Soviet union, if it is to be expected that the attitude of the U.S.S.R. will follow the speech made by its representative, will have the result of frustrating the efforts of the security council to take additional effective action in Lebanon.

However, under the terms of the existing security council resolution of June 11 there is some hope of action which can be taken immediately regardless of the outcome today of the deliberations of the security council on the Japanese resolution. On June 11, as hon. members know, a United Nations body—UNOGIL—was provided for and is still functioning in Lebanon. The latest reports from UNOGIL make it clear that the group is now able to expand its activities as the result of increasing access to the border areas.

I think this house realizes that this government has been co-operating actively in the development of UNOGIL, and has also given its firm support to the proposal to expand the activities of UNOGIL as contemplated under the terms of the Japanese resolution.

The secretary general informed the security council last week that 65 additional observers are required for the implementation of the existing resolution. I wish now to inform the house that, as requested by the secretary general, Canada will supply immediately three of the additional observers, of course giving every attention to any further requirement of UNOGIL as events transpire. If additional action in this regard is requested, not unfavourable consideration will be given to such requests.

As I see the situation at the moment, in view of the stand now taken by the United Kingdom and the United States of America on this matter, supported by Canada, the necessity of determining what further course will be taken now rests firmly with Mr. Khrushchev. Every opportunity has been provided to discuss immediately—providing the other nations agree—in the security council and within the ambit of the United Nations and under its auspices every problem connected with the Middle East, to the end that if there is agreement a solution can be found. I think the people of Canada as a whole will wholeheartedly support the stand this government is taking in this connection, which I believe carries with it the support of the members of the opposition in this house as well as the country as a whole.

One can but express the hope that at this time Mr. Khrushchev, if sincere in his suggestions and the ideas he advanced in his several letters, will join with the nations of the free world in that institution to which he has given his support in those letters, in which letters he has warned mankind that there must be nothing done outside of the United Nations. He now definitely has the opportunity, providing that he is sincerely desirous to act, to react favourably to the initiative of the United Kingdom and the United States to bring about discussions which everyone hopes will lead to a solution.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, we on this side of the house do indeed support the steps that have been taken and the progress that has been made as indicated by the Prime Minister to ensure—and it is important that it should be ensured—that there will not be a wholly negative reply given to the invitation of the head of the Soviet union government addressed to the four governments and the Secretary General of the United Nations to discuss the crisis in the Middle East.

If that can be done as has been suggested, by a special meeting of the security council attended by the heads of government, that I should think would be a satisfactory and welcome development. The charter of the United Nations does make provision for that kind of meeting, and in the past the Secretary General of the United Nations, Mr. Trygve Lie, worked quite hard to bring about a procedure by which foreign ministers and heads of government would attend security council meetings on important occasions. So this would be a fortunate development to meet a critical situation.

But, Mr. Speaker, if that particular form, a full council, were not considered to be satisfactory—and there are possible difficulties in regard to representation at the larger meeting, difficulties which I am sure occur to us at once—and if those difficulties were such that a meeting in the full council of the heads of government could not be arranged, I would certainly hope that this particular difficulty of representation would not be permitted to prevent a meeting of a somewhat different kind. Perhaps another way of doing it would be by a committee of the security council along the lines which I ventured to mention yesterday and which would certainly avoid that particular difficulty. It would retain the kind of representation which was advocated in the first proposal of the head of the Soviet government, and for that purpose would include India.

The important thing, Mr. Speaker, is not the mechanism; the important thing is to get the heads of the governments most concerned together to talk over the situation in the hope that by such discussion they might do something constructive to remove the cloud which hangs over international relations at the present time.

I speak for our party when I tell the Prime Minister that we welcome the support the government has given to this move. We shall also support them in any move they make which will strengthen the position of the United Nations in Lebanon at the present time through strengthening the observer group there.

I was a little discouraged to read in the press this morning that the foreign minister of Lebanon had said that notwithstanding the presence of the United Nations observer group there and notwithstanding the intervention of the United States forces, intervention was still continuing undiminished across the border in the form of assistance to the rebels of that country. All this merely underlines that the sooner the powers most concerned can get together and do something to restore the political situation there the better it will be for peace not only in that area but in the whole world.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, members of this group are always very interested in reports the Prime Minister gives to the house with respect to this serious Middle East situation, and hope that his efforts to bring about a discussion will meet with the success for which we all wish.

SHIPPING

BRITISH COLUMBIA—STRIKE ON BLACK BALL LINE

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I ask the Minister of Labour whether he has anything to report on the strike of the Black Ball ferry line between Vancouver island and the mainland of British Columbia?

Hon. Michael Starr (Minister of Labour): Mr. Speaker, I regret to advise the house that I have no statement to make at this time, nor am I in a position to make a further report on the situation on the west coast except to say that the government still has this matter under very serious consideration.

BRITISH COLUMBIA—SUGGESTED OPERATION OF FACILITIES BY CROWN CORPORATION

On the orders of the day:

Mr. Frank Howard (Skeena): I should like to ask a supplementary question. In view of the fact that the lack of shipping facilities between the mainland of British Columbia and Vancouver island is perpetrating a hardship on a substantial portion of the population of the province of British Columbia as well as its economy, will the Minister of Labour undertake to recommend to his colleagues in the cabinet that they consider the possibility of bringing such shipping facilities under the operation of a crown corporation in order that such corporation may operate the shipping facilities as a public service and may enter into negotiations with the appropriate representative organizations of the employees affected in a true spirit of collective bargaining?

Hon. Michael Starr (Minister of Labour): Mr. Speaker, the government is keeping a very close watch upon the situation at the moment, and every possible method is being considered at this time.

CANADIAN PACIFIC STEAMSHIPS

BRITISH COLUMBIA—INQUIRY AS TO STATUS OF STRIKE

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I revert to another strike which I am sure is receiving the attention of the minister and to which the Montreal *Gazette* refers this morning as being considered actively by the government by way of several alternatives. I refer to the strike on the west coast against the Canadian Pacific steamship facilities. I wonder whether the minister is in a position to make a statement with respect to that dispute.

Hon. Michael Starr (Minister of Labour): Mr. Speaker, my remarks were directed to the Canadian Pacific Steamships dispute. The Black Ball ferries dispute is being considered by the provincial government.

DOMINION-PROVINCIAL RELATIONS

NEWFOUNDLAND—INQUIRY AS TO REPORT OF ROYAL COMMISSION ON REVISION OF TERMS OF UNION

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I should like to ask the Prime Minister how soon he expects to be in a position to table the report of the royal commission on the revision of the terms of union with Newfoundland.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, when my hon. friend last mentioned this matter I said that I hoped to be in a position to give an answer in about 10 days. That period has lapsed now. I shall make the necessary inquiries and if

there is going to be unnecessary delay I shall table the report in English and table the report in French when translation and publication have taken place.

Mr. Pickersgill: I thank the Prime Minister very much for that course, which he will recall I suggested on Friday last. I suppose the Prime Minister is aware that already this session over 50 documents have been tabled by the government in English only.

CIVIL DEFENCE

INQUIRY AS TO FURTHER PLANS TO STEP UP ACTIVITIES

On the orders of the day:

Mr. W. L. Houck (Niagara Falls): I should like to ask the Minister of National Health and Welfare a question. In the light of the sudden turn in world affairs, has the department any further plans for stepping up civil defence?

Hon. J. W. Monteith (Minister of National Health and Welfare): As the hon. member is aware, Lieutenant General Graham has been appointed to make a complete study of the civil defence organization in Canada. Otherwise civil defence is carrying on in the usual manner.

Hon. Paul Martin (Essex East): May I ask a supplementary question. Is the general and former chief of staff not expected to make a report that will not be completed before the end of September?

Mr. Monteith (Perth): His report will be completed as soon as possible following his appointment.

THE CANADIAN ECONOMY

ROYAL COMMISSION ON ENERGY—STATEMENT ON SITTINGS IN ATLANTIC PROVINCES

On the orders of the day:

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, on July 15 the hon. member for Northumberland-Miramichi asked me whether or not the royal commission on Canada's energy resources plans to hold public meetings in the Atlantic provinces and, if so, whether dates and places have been selected. As to the latter part of the question, the answer is no. With respect to whether or not meetings are to be held, the answer is that meetings will be held there later by the commission.

[Mr. Diefenbaker.]

TRADE

APPLES—REQUEST FOR LARGER SHARE OF BRITISH QUOTA

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the Minister of Trade and Commerce. In view of reports that Britain has established a northern hemisphere quota of about four million bushels of apples, and in view of the fact that Canadian apple growers may now sell more fresh apples to Britain, will the minister inform the house what steps his department is taking to secure as large a portion as possible of this quota for Canadian apple producers?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, I can assure the hon. member that the Department of Trade and Commerce will take all appropriate steps necessary to ensure that we get the larger quota that he has mentioned.

CANADIAN NATIONAL RAILWAYS

VAL D'OR, QUE.—PROTEST AGAINST REMOVAL OF PASSENGER TRAINS

On the orders of the day:

Mr. Armand Dumas (Villeneuve): I wish to direct a question to the Minister of Transport. Did the minister receive a telegram from the town council of Val d'Or protesting against the removal of the Canadian National Railways passenger trains No. 34 and No. 21 from Montreal and Quebec to northwestern Quebec to take effect August 10 next? If so, will the minister tell the house whether his department will do something to satisfy the request of the council of the town of Val d'Or?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I have not received the telegram but I will make inquiries. If it should arrive at the department or if I see it I will refer it to the board of transport commissioners.

Mr. Dumas: I have a supplementary question. Can the minister tell the house whether the board of transport commissioners could be authorized to hold a hearing in northwestern Quebec in respect of this extremely important matter?

Mr. Hees: I do not know how the matter stands with regard to an application before the board of transport commissioners, but I will discuss the matter with them and I feel sure they will follow the proper course.

PUBLIC WORKS

INQUIRY AS TO TENDER BOND REQUIREMENTS BY DEPARTMENT

On the orders of the day:

Mr. Alexis Caron (Hull): I wish to direct a question to the Minister of Public Works. I have sent a copy of the question ahead. Would the Minister of Public Works tell the house why surety bonds, contractor bonds or performance bonds are not accepted in lieu of accepted cheques to cover tender requirements?

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, this has been the practice of the department for some time, and it is considered to be a better way to carry on the business of the department. One reason we do this is that the Canadian Construction Association prefers this method to the one suggested by the hon. member.

GRAIN

VANCOUVER—ANNOUNCEMENT OF ADDITIONAL ELEVATOR FACILITIES

On the orders of the day:

Mr. W. H. Payne (Coast-Capilano): I should like to direct a question to the Minister of Transport. Has the minister available any information with regard to the construction of additional elevator storage facilities to be undertaken in the near future in the area of the port of Vancouver?

Hon. George H. Hees (Minister of Transport): Yes, Mr. Speaker. I wish to thank the hon. member for advising me of his intention to ask this question.

To meet the need for additional grain storage facilities at Vancouver harbour it has been decided to construct an addition to elevator No. 3. The addition will add 1 million bushels to the elevator's storage capacity, and the estimated cost is $900,000, of which it is estimated $200,000 will be expended in 1958. The work is scheduled for completion in 1959.

Elevator No. 3 is under lease from the national harbours board to United Grain Growers Limited, who have been tenants of this elevator since 1927. It is expected that the main contract will be let as soon as plans and specifications are completed, which it is estimated will be within three months' time, and that this addition to elevator No. 3 will be completed in about a year from now.

Mr. Frank Howard (Skeena): I have a supplementary question arising out of the answer given by the Minister of Transport with regard to grain facilities at Vancouver.

I wonder whether the minister has some similar information with respect to the same facilities at Prince Rupert?

Mr. Hees: The answer is no, Mr. Speaker.

NATIONAL REVENUE

INQUIRY AS TO PUBLICATION "FEDERAL TAX NEWS REVIEW"

On the orders of the day:

Mr. A. R. Webster (St. Antoine-Westmount): I wish to direct a question to the Minister of National Revenue. Has the publication *Federal Tax News Review* any connection with his department?

Hon. George C. Nowlan (Minister of National Revenue): I am glad the hon. gentleman asked that question at this time. The magazine in question has no connection with the Department of National Revenue, with any of the employees of the department, or with any association of employees of the department. I understand that subscriptions for advertising are being solicited in the city of Montreal on the verbal statement—it is never put in writing—that this paper is somehow or another connected with the department or approved by officials of the department. I want to make it abundantly clear that this is not the case. If any such representations are made I should like to have them brought to the attention of the department or of the R.C.M.P.

LABOUR CONDITIONS

UNEMPLOYMENT—ALLEGED DISCREPANCY IN FIGURES

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I should like to ask the Minister of Labour a question based on the discrepancy between the figures for registrations at national employment service offices, which were over 526,000 on June 19, and the dominion bureau of statistics figure of persons without jobs and seeking work, which was 320,000 on June 21. I wonder whether the minister has any way of explaining this discrepancy of over 200,000, which is more than twice as great as it was a year ago and which one would have thought would have been in the other direction.

Hon. Michael Starr (Minister of Labour): Mr. Speaker, I have explained the situation to the best of my ability on a number of occasions in answer to questions that have been asked of me. However, I can say this: This is the method being followed by our national employment service offices in registering people amongst whom are those

presently employed but who are seeking other employment. People who are retired are registered also, and many other categories are included in the N.E.S. figures that cannot be considered as actually out of work and seeking jobs.

Mr. Pickersgill: I have a supplementary question. I do not think I made my point quite clear. It was the gap between the figures. A year ago the gap between those two figures was only 100,000. Now it is 200,000. It is hard to believe that this figure of 200,000 could represent persons having jobs.

Some hon. Members: Question.

Mr. Pickersgill: That is why I wondered whether the minister had any explanation.

Mr. Starr: In answer to that question I would say this, and it will probably explain the situation to the hon. member for Bonavista-Twillingate. The July 10 figure, and I think that is the one he mentioned—

Mr. Pickersgill: No, the June 19 figures; the most recently published figures.

Mr. Starr: I will look into the situation and see whether I can give the hon. member an explanation for that discrepancy.

SASKATCHEWAN—STRIKE ON GOVERNMENT TRANSPORTATION COMPANY

On the orders of the day:

Mr. E. Nasserden (Rosthern): I should like to direct a question to the Minister of Labour. Has the minister or his department received any representations from the employees' union or the Saskatchewan government seeking assistance in bringing to a speedy end the strike of employees of the Saskatchewan government transportation company, which is working a hardship on many people in Saskatchewan?

Hon. Michael Starr (Minister of Labour): Mr. Speaker, the answer to the first part of the question is no. The answer to the second part of the question is that in my opinion this matter would come under the jurisdiction of the province, and is the responsibility of the government of that province.

UNEMPLOYMENT—REQUEST FOR RECORD OF DISCUSSIONS AT RECENT CONFERENCE

On the orders of the day:

Hon. Paul Martin (Essex East): I would like to ask the Minister of Labour if he is now in a position to answer a question I asked him some days ago as to whether or not it would be possible, after consultation with his colleagues, to make available to the members of this house the important discussions which took place between the 10 provincial governments, the representatives of management and labour and the hon. gentleman on the matter of unemployment, particularly winter unemployment. In view of the fact that we will soon be discussing the minister's estimates, can he say whether or not he will make available to us the kind of background information which would make his estimates even more interesting than they are normally?

Hon. Michael Starr (Minister of Labour): The matter, Mr. Speaker, is still under active consideration.

CRIMINAL LAW

REQUEST FOR LEGISLATION RESPECTING SALE OF OBSCENE LITERATURE

On the orders of the day:

Hon. Lionel Chevrier (Laurier): I wish to direct a question to the Minister of Justice. In view of the interest which has been shown across Canada in the subject of obscene literature, and perhaps in a particular way in the province of Quebec, and in view also of the statements—very excellent ones—which the minister has made with respect to that subject as well as the statements in the house, may I ask the minister if he intends to bring down legislation on the subject by way of amendment of the Criminal Code at this session?

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, I thank the hon. gentleman for having indicated to me that he wanted to raise this question. In reply I can advise him that we are studying the matter at the present time in the department, but as I have said previously here and elsewhere we do not consider that it will be possible to bring down legislation before the next session of parliament.

NORTHERN AFFAIRS

STATEMENT ON FRENCH EDITION OF PAMPHLET

On the orders of the day:

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, on Friday last the hon. member for Hull was good enough to praise my department for the very fine publication called "This is the Arctic". I want to say that I am very grateful for this comment and for the enthusiastic reception that has been given to the document by the house. However, he quoted part of the letter I wrote him and indicated that he was translating it into English and that the translation was his own.

I have been looking at this translation and at my original letter. In view of this study I think it would be better to put some of the letter into the record as originally dictated in English. I quote:

> I am sorry to say that there is no French edition of this booklet. It was originally prepared as a very modest publication for limited distribution to persons whose work took them into the Canadian far north. At that time we did not anticipate the more widespread interest in its contents which has since developed.
>
> I think you will agree that the style of the pamphlet—full of puns—is such that it would be difficult to preserve its quality in an ordinary translation. It would really need to be rewritten in the French language from start to finish. I would be opposed to the publication of a French edition that was in any way inferior to the English version. For this reason if there were sufficient demand for the publication of the booklet in the French language, I would want to give the most careful thought to the selection of the person entrusted with its preparation.

I think, Mr. Speaker, this fuller extract from my letter will clearly indicate why the booklet in question is not presently available in the French language. It will also indicate my interest in ensuring that if and when the booklet does appear in French, it will be of the highest possible quality. It also answers the hon. member's question about the difficulty of "asking for something which is non-existent".

I might say this is not the first time the department has published material in one language only. Since I have come into the department there have been several publications in French only, and I have brought a few with me for the hon. member to examine if he wishes to do so. I asked the department about this matter, and it was indicated to me that in about the last year we have issued some 35 publications of various kinds in the French language, and that at the present time there are 27 publications in various stages of production also in French.

Mr. Alexis Caron (Hull): May I ask a supplementary question of the minister. I think his translation is much better than mine, but the facts remain the same. It was done without the intention—

Some hon. Members: Question.

Mr. Caron: I will come to my question. Does the minister think the French-Canadian people are not interested in going north?

Some hon. Members: Oh, oh.

Mr. Hamilton (Qu'Appelle): I think the answer is quite obvious, Mr. Speaker; that at the time of publication of the booklet we were not expecting such a widespread demand for it. If the demand for the pamphlet, which incidentally costs 25 cents, is widespread then I think we will certainly make the effort to have it rewritten in the French language in order to maintain its quality.

Hon. L. B. Pearson (Leader of the Opposition): May I ask the minister if this is the publication which pays such glowing tribute to the work of development in the north under the previous administration?

Mr. Hamilton (Qu'Appelle): Mr. Speaker, I sent a copy of this delightful little booklet to my hon. friend, and if he had read it he would know that it makes clear to the people of Canada who intend to go to the far north that it is very pleasant up there, and that the climate is not too different from the other seven-eighths of Canada.

Mr. McIlraith: The answer to the question is yes.

PRAIRIE GRAIN ADVANCE PAYMENTS ACT

AMENDMENTS RESPECTING DELIVERY OF SEED GRAIN, MALTING BARLEY, ETC.

The house resumed, from Wednesday, July 16, consideration of the motion of Mr. Churchill for the second reading of Bill No. C-31, to amend the Prairie Grain Advance Payments Act.

Hon. Gordon Churchill (Minister of Trade and Commerce): On July 16 I introduced this bill rather briefly, because it was then four minutes to six o'clock and I did not have the time to make the full explanation desirable. On page 2311 of *Hansard* for that date hon. members will find my introduction, which I will not repeat on this occasion, but I will bring up to date the figures relating to cash advances and the figures relating to quota deliveries.

With regard to cash advances my latest report is dated July 18, according to which the percentage refunded has reached 92.9 per cent, an indication that in the remaining days of July it is more than likely that the cash advances will be practically all repaid. Second, with regard to quota deliveries I stated on July 16 last that within a few days right across the prairies all the stations would be on 6- or 7-bushel delivery quota. *Hansard* has the word "years" where I used the word "days", which I corrected the following day. My prediction was correct; the wheat board now reports that of the 2,071 delivery points in the western provinces, 1,016 are on a 6-bushel quota, 1,023 are on a 7-bushel quota and there are 32 closed stations, indicating that the marketing of grain out west has gone ahead very well.

To proceed with my introduction to the amendments to this act, I have the following statement to make, and again this will be

very brief. When the act was drafted last fall there were two or three omissions from the legislation which the proposed amendments are designed to correct. As the act now stands, a farmer who delivers malting barley is precluded from drawing an advance on his farm-stored wheat; similarly, deliveries of grain to be used for seeding purposes count against an advance. In the amendment we propose exempting deliveries of malting barley and of seed grain.

The third major amendment provides for the consolidation of cash advances from one crop year to the other. This will make it possible for a producer who has not fully repaid his cash advance through no fault of his own, which means because his quota has not been large enough to permit him to deliver or because there has been some difficulty for which he is not responsible, to obtain a further cash advance on his new crop year if desired. The two advances would then be consolidated and recorded in the permit book, and as quotas were raised the producer would repay both advances.

We do not anticipate that many producers will be affected by this provision, but we wish to guard any inconvenience to a producer who has grain to deliver and whose quota may be low. I have just pointed out that this is unlikely to affect very many people because, with two weeks to go for deliveries, cash advances have been repaid up to 92.9 per cent. Nevertheless we are introducing this amendment just to assist anyone who, through no fault of his own, might be subject to some inconvenience.

These are the main features of the bill. The cash advance system will receive a further trial during the next 12 months, and if further changes are considered necessary as a result of experience we are quite prepared to consider amendments. To date the system is working well. Elevator agents have been fully co-operative, and the wheat board has experienced no inconvenience in providing additional payments to producers.

(Translation):

Mr. Samuel Boulanger (Drummond-Arthabaska): Mr. Speaker, on reading this bill, I noticed at once that the proposed amendments are only minor ones, because it was only after certain difficulties had been experienced in applying the act that such changes were considered necessary.

Moreover, the minister has just stated that, if the changes submitted today are found inadequate, other amendments will be introduced next year.

I find it rather strange that there should be uncertainty about this bill; the government seems to be groping somewhat, because we cannot anticipate one or two years in advance what will come out of the act.

I wonder if it might not be better to go back to the act which the Liberals had introduced in 1956, under which farmers could get advance payments on their grain through the banks.

If we consider to what extent farmers benefited from the act in recent years, i.e. in 1955-56 and 1956-57, we find that the government has spent an amount of $28 million in payments for stored grain.

I therefore suggest to the Minister of Trade and Commerce (Mr. Churchill) to consider this legislation very carefully, so that if he finds it necessary to amend it next year, he might then be in a position to suggest amendments of a permanent nature, and not cause unnecessary trouble to western farmers, who, because of frequent changes, do not know from year to year where they stand in this matter.

(Text):

Mr. Arnold Peters (Timiskaming): Mr. Speaker, this group welcome the amendments which have been proposed. It is of interest to note that during the past year advance payments under the act have been made to 50,317 farmers in the prairie provinces amounting, in Manitoba, to an average of $607, in Saskatchewan to $759 and in Alberta to $634. While these are not great sums of money they have been appreciated, according to reports I have heard, and in addition the farmers appreciate some of the changes that are now being suggested.

We are very pleased to note that the cash advances have already been repaid to the tune of 92 per cent. The consolidation of two years cash advances was recommended a year ago, but at that time the Minister of Trade and Commerce suggested that the house should wait and see how this developed. We are very happy that he should now see fit to include this amendment.

There is one problem I think I should mention, and that is the case of farmers who are renting land from non-resident owners. In this situation, as I understand it, there is a great deal of difficulty in getting cash advances. Should the owner of land, the absentee landlord, live, for instance, in England, the tenant would have to write to him and get his permission before he could secure a cash advance on the grain he produces on that land. In many cases farmers are finding it difficult to get such permission because the people to whom they write are not familiar with Canadian statutes and may not realize why this action

is necessary. I should like to suggest to the minister that possibly something could be done to help these farmers who are renting land so as to facilitate their obtaining cash advances in these circumstances.

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

Clauses 1 to 5 inclusive agreed to.

On clause 6—*Grain delivered in exchange for seed.*

Mr. Hanbidge: Before this clause is carried, may I mention that there was one matter raised by the hon. member for Timiskaming that I should like to see incorporated in the act, and that is giving the tenant the privilege of securing a cash advance on his grain without requiring him to secure the consent of his landlord. I believe that at the present time it is necessary to have forms completed by the landlord. I wonder if the bill could be left in committee until this has been checked? I should like to have this checked over before the bill is finally passed.

Mr. Churchill: There is some urgency about passing this bill now in order that the necessary forms may be printed and sent to the elevator agents to reach their hands before the beginning of the new crop year, which is August 1. Any further delay would be to the disadvantage of the farmers. The point which has been raised by two hon. members is not properly under discussion under this section, but if the chairman would so permit that might be considered.

Mr. Martin (Essex East): Mr. Chairman, the observations made by the hon. member who preceded the minister will, I am sure, have to be weighed in the light of the fact that he represents a constituency which is faced with this problem, and with his legal qualifications, he has, no doubt, more than usually good reasons for pursuing this matter of the position of the tenant as opposed to the position of the landlord. Understandably the minister says it would be difficult to postpone a bill of this sort when the proposed benefits are urgently needed at the moment. I can fully appreciate the minister's attitude, but surely the point is not so much what the mechanics should be to give effect to this but whether or not the government subscribes to the desirability of the suggestion made by the hon. member for Kindersley. Does the government accept in principle that proposal? If the government does, then there should be no difficulty in providing an amendment at once, because it would not cause any delay.

The Deputy Chairman: Shall clause 6 carry?

Mr. Martin (Essex East): No, Mr. Chairman. You have not been listening to me or you would not ask whether clause 6 will carry.

Mr. Harkness: Order.

Mr. Fulton: I do not blame him for not listening.

The Deputy Chairman: Shall clause 6 carry?

Mr. Martin (Essex East): Well, Mr. Chairman, I have asked the minister a question. I wonder if he is in a position to give an answer.

Mr. Churchill: I am in a position to give an answer, Mr. Chairman, but I submit that this question should have been raised at the appropriate place. If we are going to have a general discussion on this particular problem, is it to take place on clause 6? My hon. friend is a lawyer of repute. He appreciates some of the difficulties involved in this matter. He is also a skilled parliamentarian. I suggest that clause 6 is scarcely the point at which to discuss this particular matter.

Mr. Hanbidge: What clause is the appropriate clause?

Mr. Churchill: Clause 1.

Mr. Hanbidge: I was always under the impression that when a bill was brought in to amend a statute or act, the whole act was open for discussion.

Mr. Martin (Essex East): Mr. Chairman, the statement of the Minister of Trade and Commerce is most unusual. He suggests that this is not the place to amend the act. I do not know of any more appropriate place and opportunity in the discussion than at this very stage. The hon. member for Kindersley has said he regards the suggestion made by another hon. member in this particular as important. If the minister takes the position that there is no merit in the suggestion, then he will be expressing the government's policy; but if there is merit in the suggestion surely no amount of inconvenience can stand in the way of providing the necessary kind of amendment.

That is the question that is before the committee; is this a desirable proposal in itself? If it is—and the proposal is not put forward by any hon. member of this party but by a member of the party of which the Minister of Trade and Commerce is a distinguished member—he can tell the committee whether or not it is possible for him to accept that amendment.

Mr. Brunsden: Mr. Chairman, it might be well for this committee to take a few moments to place this discussion in its proper perspective. Not all farmers are going to use this

legislation. Certainly the percentage of farmers who are likely to fall into the category under discussion is extremely small. There is nothing to indicate what that percentage is, but offhand one might say that the total percentage of users of the legislation who are tenant farmers and who may require the facilities of this measure would be something less than 5 per cent. Certainly that applies with respect to the area I have the honour to represent.

It is worth pointing out, too, that a tenant farmer is usually one who owns land in his own right and rents additional land for the purpose of fully utilizing his equipment and adding to his gross income. This entire question of the revision of farm legislation is going to be a long term process. This provision will not be perfect when this session closes. The amendments forthcoming to the Prairie Farm Assistance Act will probably not fully meet the needs of western farmers, but—

The Deputy Chairman: Order. I must remind the hon. member that we are on clause 6 of this bill, and I wish he would bring his remarks a little closer to the clause under discussion. This is not a general discussion of the farm situation.

Mr. Brunsden: My apologies, sir. I was merely following the pattern laid by the earlier speakers with respect to this legislation. To return to the question under discussion, I would say it would be a tragedy in so far as western Canada is concerned if there was a delay of a week or two or more in order to deal with a point by way of amendment that is, after all, going to affect only a very few people.

Mr. Martin (Essex East): It should be clearly understood, Mr. Chairman, that there has been no suggestion by the hon. member for Kindersley and certainly not by anyone speaking for this party that there should be any delay in this legislation. The issue is simple; should there be an amendment provided now to cover tenants? That is the only issue; and if the government takes the position that there should be no amendment to cover the tenants the committee will have to deal with the government's policy in whatever way it wishes, but there need not be any delay whatsoever as far as the implementation of this legislation is concerned.

Mr. Churchill: Mr. Chairman, my hon. friend is attempting to raise a straw man as usual.

Mr. McIlraith: Now, now.

Mr. Churchill: When the committee reaches the discussion of clause 6 of the bill it proceeds with it and does not revert to other matters; but if it is the consensus of the committee that this matter should be discussed we could deal with it when we get back to the title of the bill. I have a statement here I am quite prepared to make with regard to the general problem of the renter receiving cash advances and obtaining consent of the landlord and so on, but clause 6 is hardly the place for it.

Mr. Martin (Essex East): Agreed.

The Deputy Chairman: Shall clause 6 carry?

Some hon. Members: Carried.

Clauses 6 and 7 agreed to.

On the title:

The Deputy Chairman: Shall the title carry?

Mr. Churchill: On that point, Mr. Chairman, last year when the bill was being considered for drafting one of the most important points was this very one raised this afternoon, as to what to do with regard to land in which perhaps two or three people have some interest. We tried to simplify the legislation last year, and we related it to the permit book. The permit book lists the owner of the land, the renter and all people who have an interest in it.

It was found necessary, relating cash advances to the permit book, that all those who had an interest in the land must then sign the application form if a cash advance was desired. It has caused some trouble to some people where the landlord was living far away or was unfamiliar with the legislation or not agreeable to signing the application form. All of that was very carefully considered. We reached the decision last year that we could not make provision for a cash advance based on the permit book to someone who was unable to obtain the signature of another or others who were also listed in that permit book.

Then this year we went through the same process again, and the most careful consideration was given to this problem. I asked the officials both here and those of the wheat board in Winnipeg to look at this again, and I have asked several hon. members of the house to produce a satisfactory solution to this problem. No one has come up with any good solution.

Let me just place on the record the considered opinion with regard to this matter. Section 6 of the Prairie Grain Advance Payments Act requires joint application by all persons named in the same permit book before any advance will be made against grain deliverable under that permit book.

No distinction is made between a situation in which all or a substantial part of the land is subject to share interests by two or more persons, and the situation under which a substantial portion belongs outright to the actual producer and only part of the farm is subject to interests held by other persons. And finally, there is no means by which a tenant can compel a landlord or other interested persons to enter into a joint application.

The problems involved in joint applications, and the knowledge that they may give rise to delays, refusals to execute and so forth, were of considerable concern during the preparation of the legislation. The scheme underlying the act had, of course, recognized that grain stored on farms could not be inspected by competent persons as a condition precedent to entitlement for an advance. The time element and the number of persons required made this impossible. It also had to recognize that it would not be possible to impose some kind of requirement for segregation of the grain on which an advance was to be made, either segregation from all the grain stored by the farmer or segregation of the different portions of grain belonging to different interested persons.

The scheme also had to recognize that there are probably a multitude of ways in which an actual producer and his landlord, mortgagee or other type of producer divide their respective interests, and a multitude of forms of contract or other means as to how these shares were agreed upon or could be established or proved. It seemed an extremely difficult if not impossible task—other than by the various parties themselves confirming their private arrangement in a joint application form—to impose upon anyone to determine and satisfy himself just what were the true and accurate arrangements between the several interests in any given situation and in every situation.

Finally, partly because the permit book is the chief document to rely on to show past deliveries, and partly because it is the essential document in relation to recovery of the advance payment, the scheme had to be closely related to the permit book system. Under a scheme for cash advances against undelivered grain, however, the question of the respective shares of joint holders of a permit book becomes important and is exceedingly difficult.

This arises in three different aspects. First of all if, instead of the joint application principle now used, a joint holder was allowed to obtain an advance irrespective of the wishes, knowledge or interests of the other holders, someone would have to know not only what grain there was behind his application but what his true share of that grain really was. It is difficult to see how this could be avoided, and it is difficult to know how the person making the advance could satisfy himself, without information or confirmation from the other interested persons, that the share stated by the applicant was correct.

This would be necessary for two reasons. The first is, of course, that since the advance is made and its amount is determined against grain that the applicant has and undertakes to deliver, he could only rightfully deliver his own true share, errors concerning its accuracy would greatly increase the dangers of overadvancing. Second, the total advances for any one permit book are limited by the grain to be delivered under that book. Hence if a single applicant overdraws by falsifying or misunderstanding the share of the grain to which he is entitled, the legitimate entitlement of other applicants under the same book would be reduced unless the over-all limit for any one farm unit is to be increased in such cases.

Another difficulty would arise in connection with the general lien created by section 10 of the act. At present, with the idea of joint applications the lien relates to all the grain in respect of which an advance payment is made, and in many cases this is probably coincident with most or all of the grain stored on the farm. If separate and independent applications were allowed this would, of course, require a change in the concept of the lien to cover only that share of the grain belonging to each individual applicant.

The third and perhaps the most important difficulty of all relates to the chief way in which advance payments are recovered. Under section 11 of the act, one half of the initial payment for grain delivered under a permit book is deducted and paid to the Canadian wheat board until the advance is fully recovered. This is obviously the best security that could be imposed. At present, with the requirement of joint applications, all grain delivered under the permit book is subject to this statutory deduction irrespective of whose grain is delivered. If individual advances were made in the case of joint permit books without any consent from the other holders, it would certainly be necessary to restrict this recovery provision to grain delivered by the individual recipient of the advance, and then only when he was delivering his own proper share of grain.

This would, I think, make it absolutely essential that the elevator operator receiving the grain—and the wheat board which is taking one half of the payment for itself—would need to be satisfied that the grain

belonged to that person. If he were delivering some other holder's share I would think—since the board in effect takes one half of it without any payment at the time of delivering—the board might be liable for conversion of another person's property.

The only practical means of meeting this problem, therefore, seems to be through a joint application signed by all parties possessing a joint interest in the grain as indicated in the individual permit books.

That, Mr. Chairman, constitutes the position we take after the most thorough consideration of this problem. When I made my introductory remarks on this bill I said that, based on another year's experience, if there are adjustments or changes that should be made we are quite prepared to do so provided they could be fitted into the general purpose of the act. As of this moment no one has produced the type of amendment which would meet this particular situation and, of course, the whole thing hinges on the question of what to do when a farmer is in default and who becomes liable. We tried to simplify the problem and related it to the permit book. So far it has worked extremely well, as the figures I gave earlier this afternoon indicate. The percentage of repayments is so close to being 100 per cent that the number of defaulters, if any, will be very limited and we will not face that problem of attempting to assess responsibility except in very few instances.

If too great a burden is placed upon a renter of land we have to get around this problem of responsibility in case of default, and I certainly am open to suggestions along that line. On the other hand, we are very close to a new crop year. We want to make it possible for advances to be made just as early as the farmers ask for them, and the only amendments which have been introduced on this occasion have dealt with the points that were chiefly under criticism during the last several months.

Mr. McIntosh: Mr. Chairman, since I represent a rural riding on the prairies I also am very interested in this problem. In fact it is one of the complaints we have had about this act. The minister has said that it is working extremely well except for those who could not get the consent of the landlord. I think those are the ones we have under consideration this afternoon. Where there is a joint application, could there not be some method by which the permit book is divided in two, one part for the rented land and the other part for land owned by the applicant, so there would not have to be a joint application?

I am quite sure, judging by the remarks of the minister, that his department is going to look into this, and one more session will not make too much difference as far as our constituents are concerned. But it is a problem, and although it does affect very few it is something that we should amend, if not now then the next time the act comes up for amendment.

Mr. Hanbidge: I am sorry I have put the minister to a little trouble in connection with this matter, but there is a problem, particularly where the landlord is non-resident. I was away when the minister introduced the bill and I did not hear his remarks. Realizing that the crop year begins on August 1 and that it will be necessary to get these forms prepared, I certainly do not want to hold up the bill. But I am sure the minister will appreciate that there are cases where the tenant has to get the consent of his landlord who lives in Ontario, or somewhere else in eastern Canada or in the United States, and that this can be quite a problem. It makes it very difficult for the tenant to be able to take full advantage of the act and get these cash advances, but I certainly have no intention of holding up the minister's legislation. As the hon. member for Swift Current-Maple Creek has just pointed out, we can see how the legislation as amended works out and then at another session see that the proper amendments are made.

Title agreed to.

The Deputy Chairman: Just before I report the bill I should like to say that in the opinion of the chair this debate on the title has been out of order. It should have been done either on second reading or on clause 1. As the committee rather wanted to discuss the matter I did not stop hon. members, but I want to express my thoughts so that hon. members will be prepared on another occasion.

Bill reported.

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

Some hon. Members: Agreed.

Mr. Churchill moved the third reading of the bill.

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

PRAIRIE FARM ASSISTANCE ACT

AMENDMENTS RESPECTING EXTENSION OF BENEFITS AND CHANGES IN ADMINISTRATION

Hon. D. S. Harkness (Minister of Agriculture) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Prairie Farm Assistance Act to extend

the benefits of the act and to provide further for certain changes in connection with the administration thereof.

Motion agreed to and the house went into committee, Mr. Rea in the chair.

Mr. Chevrier: Are we to hear from the minister?

Mr. Harkness: Mr. Chairman, all members who come from constituencies in the three prairie provinces are well aware of the fact that for many years past there have been a very large number of complaints with regard to anomalies and inequities which have been apparent as far as the Prairie Farm Assistance Act is concerned. Under the terms of the act as it has existed a great many of these have been inevitable. The purpose of these amendments is to remove, as far as it is possible to do so, the situations which have given rise to nearly all the complaints we have had in such large numbers in past years. It is proposed to do this by removing certain limitations in the act and a number of inequities in the method of making payment under the act.

Briefly, it is proposed to remove the six-section block limitation for areas with a low yield adjacent to eligible townships. This will have the effect of qualifying for payment, irrespective of township boundaries, any number of low yield sections in ineligible townships, provided they form a block with a side that is contiguous to an eligible township. It is also proposed to remove the six-section block limitation when excluding from payment high yield areas in eligible townships. The proposal is to exclude from payment any single section of land having a yield of 12 or more bushels, and also to exclude such sections from the computations in determining the category of payment. At present the high yield sections are included in computing the amount of award, and as a result the amount of award is not always commensurate with the yield in the payable area.

Another proposal is with regard to the minimum size of an eligible area. Up to date this has been an 18-section rectangular block. It is proposed to reduce the minimum area to be eligible for payment under the act to one third of a township, that is to a 12-section block rather than the 18 section block which has been in existence up to this time. This applies particularly to what has been known as C blocks, that is, blocks which may cover two, three or four townships.

The exclusion of certain crown lands granted after 1940 from benefits under the act is also considered discriminatory, and it is therefore proposed to repeal that section of the act so that no matter when the land was granted by the crown it will be eligible for Prairie Farm Assistance Act payments.

A further proposal is to make flax and rape seed subject to the 1 per cent levy. Since the growers of such crops also benefit under this legislation it is felt that they, as well other farmers, should contribute to the prairie farm emergency fund. This was one of the quite apparent anomalies in the act. People growing flax and rape seed were eligible for benefits, but there was no levy imposed on their crops as there was on other crops.

Another change to be made is in the definition of "farmer" under the act. Up to date the definition of "farmer" in the act, and the way in which it was interpreted and spelled out in the regulations, provided that a man who had any other source of income or whose main source of income was as an elevator agent, school teacher or some other form of occupation and who also operated a farm was ineligible to receive any award under the act. It is proposed to change the definition of "farmer" in order to remedy that situation, and also to change the regulations. Therefore when this particular amendment is passed and the regulations are changed anyone who operates a farm, except a corporation, will be eligible to receive an award under the act.

Mr. Martin (Essex East): That would cover a tenant, I presume.

Mr. Harkness: Yes. Tenants, of course, have always been eligible. Anyone operating a farm has been eligible unless he had some other form of business. For example, a large number of elevator agents in western Canada also have quarter or half sections which they farm in the same way any other farmers does; but because they were elevator agents and had a steady source of income they were not eligible to receive payment although they had to pay into the fund. The 1 per cent levy was taken from them. These people will now become eligible. It is not proposed to make eligible corporations such as insurance companies, mortgage companies and so on which may have repossessed land as a result of a lien they had on it.

Another change has to do with flooding. Through the years there has been a considerable amount of complaint in areas where flooding takes place that it was extremely difficult for a farmer whose land was flooded to be eligible unless he was in a very widespread flood area. These complaints came from farmers who suffered from flooding, and who felt that the minimum area necessary to qualify was too large. At present there must be a flooded area of at least one sixth

of a township or 3,840 cultivated acres before the farmers can qualify. That figure does not mean simply that much acreage, but that much cultivated acreage. It is proposed to reduce this acreage by making eligible any area consisting of six or more adjoining sections of land where at least one-third of the cultivated acreage is flooded. In other words, eligibility as far as flooding is concerned will be reduced so that if you have any block of six sections that may run along the course of a river and one-third of the cultivated land in those six sections is flooded, then those farmers will be eligible for awards under the act.

Another matter that has caused a great deal of complaint is in those areas where little wheat is grown. Under the act as it is at the present time awards have been made on the basis solely of the damage to the wheat crop. You would have cases in which there would be perhaps only 40 acres or 50 acres of wheat in a whole township of 36 sections, but nevertheless the determination of what the award should be for P.F.A. payment was made on that small amount of wheat. It is proposed to put into effect an amendment which will provide that in any eligible area in which the percentage of wheat seeded is less than 10 per cent, then the predominant crop—oats, barley or rye—may be taken as the crop to be used as the one to determine what the eligibility for award will be.

Those are the main changes in the act or the main amendments which are proposed. There are several others of lesser importance whose purpose is largely to facilitate the administration of the act and which, without the act being before hon. members, I do not think it would be profitable for me to go into at this time.

As I have already indicated, of course, in addition to these amendments it is proposed to revise the regulations established under the act so that they will be in accordance with the amendments which have been made. In some cases the regulations will be changed, although no actual change is being made in any particular section of the act, in order to liberalize the administration of the legislation.

I should just like to say one further word, Mr. Chairman. There is some urgency in getting these amendments through in view of the widespread drought conditions which exist in western Canada this year and which mean that what acreage there is in some areas will be ripening up earlier than usual. Therefore it will be necessary to start the P.F.A.A. program this year earlier than is normal. As a result, it is highly desirable to have this legislation completed in the house as soon as possible so that then there will be time to have the regulations amended, and then to have the necessary new forms which will be required printed and distributed so that everything will be ready to put the program into operation very soon after the end of this month.

Mr. Martin (Essex East): Mr. Chairman, I am sure that the members of the house will do all they can to accommodate the minister in passing this legislation but I am sure that he would expect us of the opposition to make what comments we believe are, in the circumstances, proper and desirable.

Mr. Harkness: Certainly. There is no idea of anything else.

Mr. Martin (Essex East): That is right. In the meantime my hon. friend's officials, of course, could anticipate the passage of this legislation by making the necessary amendments in the regulations and at least have that much work ahead of them.

The amendments which are proposed have been indicated in a general way by the minister who has spoken in the committee stage on the resolution. While these amendments in the regulations and at least have that vantages, I think the minister would agree that they are not of a fundamental kind but rather are designed to extend the legislation by simplifying some of the regulations and making it possible to be more generous and more flexible in the granting of assistance. This legislation, of course, makes its appeal to those of us who sit on this side of the house because we have had a long association with this particular measure the purpose of which I think could be described by saying that it was to assist in the rehabilitation of drought and soil drifting areas in the prairie provinces and to provide greater security and stability for agriculture generally.

The basic legislation was passed in 1935. It provided for the payment out of the federal exchequer of some $4.75 million over a five-year period. In 1937 an amendment to this basic act was drafted extending the scope of the program. Provision was made to resettle farmers on better land and poor lands were withdrawn from cultivation and placed under pasture.

Mr. Harkness: That had nothing to do with it. That was under the Prairie Farm Rehabilitation Act.

Mr. Herridge: The wrong act.

Mr. Martin (Essex East): Yes, I know. But nevertheless it had a basic and kindred result,

as my hon. friend so well knows. A subsequent amendment providing for this legislation, of course, dealt with many of the features in principle that are already contemplated by my hon. friend. I suppose it would be true to say that the basic purpose of this legislation is to compensate for crop failure due to drought, as my hon. friend has said. He has pictured the condition that earns it. However, it has also been used in compensation for hail and other natural hazards for which it was primarily intended. It is now suggested, I think, by those who have spent a good deal of time in studying this particular type of project that the reason why it has not proved completely satisfactory for all the purposes for which it had been applied was that it was used extensively, as I have said, for hail and other natural hazards. It may be that on this account the rigidity has been unduly severe because it is easier to define areas of drought, I suppose, than it is to define areas of hail. I suggest that the legislation before us today might be indicated somewhat by the observations made by the present Prime Minister and by the Minister of Agriculture himself. It may be that some of the suggestions that were made by the Prime Minister in 1957 are being incorporated in the present bill. In any event, we can ascertain that matter when the particulars of the bill are brought before us. However, as reported at page 1472 of *Hansard* of February 20, 1957, the Prime Minister said:

> My suggestions as to other amendments that might be made are these. First, while the placing of indemnities on an individual farm basis may be impractical, consideration should be given, as far as possible, to the amendment of the act to provide for the payment of indemnity on a section basis.

I am not sure whether or not that is the kind of amendment that my hon. friend has spoken of in a general way. However, it will be very interesting, when we come to the bill, to see whether or not the Prime Minister's desires of 1957 when sitting on this side of the house are now incorporated in the amendment. Then as reported at 1473 of *Hansard* the Prime Minister said this:

> The question of crop insurance is one that requires a great deal of investigation. If one reads the report of the Saskatchewan commission on rural questions and the report of the Manitoba royal commission one has some idea of the immensity of the problem and all the difficulties inherent in introducing in our country legislation analogous to that in the United States. While I realize that this parliament is now rapidly approaching its end and it is only a matter of a few weeks before it will cease to exist, even now the committee on agriculture might be convened in order to hear representations, consider recommendations and come to a general decision on this very important matter, for sooner or later it has to be faced.

That is the matter of crop insurance. The legislation which my hon. friend has indicated and of which the house is now seized does not, of course, deal with crop insurance, and one is inclined to strongly agree with the suggestion made by the present Prime Minister when he was leader on this side of the house that this matter is one which it is becoming increasingly important to face. The Prime Minister went on to say at this time:

> Third, I suggest that the regulations now in existence should be revamped to a considerable extent.

He does not indicate the extent to which regulations should be amended, but it is possible that some of the amendments about which my hon. friend spoke a few moments ago are along the general lines indicated by the then member for Prince Albert, who was leader of the opposition at the time and who, at page 1473 of *Hansard* for February 20, 1957, continued as follows:

> I believe that is necessary and I believe that if the committee on agriculture were set up even at this late date suggestions and recommendations could be made by the committee which would lay a foundation for the establishment of a crop insurance plan.

The Minister of Agriculture, who was then the member for Calgary North, said at page 1482 of *Hansard* for the same date:

> I would hope that when the act is being amended the minister will take the opportunity to correct some of the injustices as far as payments are concerned. I refer particularly to Indians.

I do not know whether my hon. friend has the Indians in mind or not, because he did not indicate that in his main statement, but undoubtedly when we get to the bill we will have the opportunity to learn whether it has been possible for the government to bring forward legislation along the lines which the minister at that time thought desirable.

Mr. Harkness: If the hon. member does not mind, I might say that that is one of the things which will be dealt with in the regulations. There is nothing in the act which forbids that, but the interpretation of the matter and the way in which the regulations have been drawn prevent Indians receiving payment. There are many people, including Indians, who have not been eligible and this is one of the things with which we intend to deal.

Mr. Martin (Essex East): I thank my hon. friend. Then the minister went on to say:

> Another group of people whom I can see no reason for excluding are those covered by section 3 of the act, subsection 3 of which reads as follows:
>
> "3. No award under this section shall be made—"
>
> And this is under paragraph (c) (i).
>
> "(i) lands disposed of to a settler or veteran under the Soldier settlement Act, chapter 188 of the Reviser Statutes of Canada, 1927, or the Veterans' Land Act—"

The minister continues:

> Why people who hold land under the Soldier Settlement Act or under the Veterans' Land Act should be excluded from the benefits of this act I quite fail to understand. It seems to be another case of gross discrimination for which there is no excuse. I would make a very strong plea to the minister that he remove that exclusion from the benefits of this act as far as people holding land under the Veterans' Land Act are concerned. As a matter of fact the amount of land any veteran was able to get under the Veterans' Land Act was a small farm, not sufficient to put him in farming in a very big way. They are among the very group of farmers who on the whole perhaps need the assistance or help they can get under a scheme of this kind more than do farmers generally.

There followed some interjections on which I do not need to dwell, but these were some of the views expressed by the minister at that time and it will be interesting to know whether it has been possible for him to carry out his recommendations. I know whether he has or has not carried out this particular recommendation he will deal with it very frankly, as is his usual practice, when we deal with the bill.

I think this is the moment to reiterate what I know has been stated by some hon. gentlemen opposite to the effect that benefits of this legislation should, of course, at some time or other and given the necessary conditions, be made applicable not only to particular sections of Canada but to all parts of the country. I am speaking now for myself and I would say that any legislation which is of benefit to one section of the country but which is capable of application in terms of benefit to all parts of the nation should be made to apply to the nation as a whole and it will be very interesting to have the minister's observations on this suggestion.

It may be that the most effective way of dealing with the matter is to respond to the request now being made, according to my information, by a growing number of people all over the country for the establishment of a nation-wide system of crop insurance. This view is one which has been expressed by my leader, who proposed a national system of crop insurance generally financed by the provincial and federal authorities with municipal assistance in respect of its administration.

It seems to me the time has now come to urge the convocation of a federal, provincial and municipal conference to discuss the possibility of such a scheme and to set experts to work preparing for it. I hesitate to suggest such a meeting between the federal and provincial governments because of the great difficulty we have had in getting the federal government to reconvene the meeting with the provinces in respect to fiscal matters, but it may be that we could bring about that important result by these ad hoc arrangements, one of which was provided by the Minister of Labour the other day when municipalities, management and labour met with the departments of labour of the various provincial governments and with the federal Minister of Labour in order to discuss the important matter of unemployment.

As I said a moment ago, this matter of crop insurance seems to me to be increasingly capturing the attention of a large section of the public and in view of the heavy contributions made by the Canadian taxpayers generally to groups of Canadians of various occupations for one reason or another, it seems to me that in the matter of crop failures due to acts of God and the like, this might be regarded as a very effective way of providing the kind of assistance needed.

I do not know if the Minister of Agriculture recalls this, but I was very interested in some correspondence I had with him and a very frank telephone conversation between us on the matter of the great damage suffered by farmers in a certain section of Canada which will not be affected by this legislation. These farmers suffered the loss of millions of dollars as a result of crop damage due to very serious damage by hail stones. This was in a section of the country in the east and, based upon statements made in the election campaign of 1957 to the effect that the federal government would provide assistance for such crop failure, I had written to the Prime Minister reminding him of his promise through one of his spokesmen during that election. I pointed out the nature of the damage and the millions of dollars loss suffered by the farmers and I asked him to implement his pledge. The Prime Minister replied saying that the matter would be looked into and at the same time one member of this house who comes from my section of the country made an announcement that the matter was also being looked into by the government of the province of Ontario. We have heard nothing more of this, and the province of Ontario has not acted.

Then I confronted the Minister of Agriculture who, quite properly, pointed out that there were constitutional practices in this country and that as long as he was Minister of Agriculture the responsibility for looking after individuals should be shared in the way I have indicated—that they should be looked after first by their own municipality and then if the municipality was unable to help, by the province. Only then, in his judgment, could it be expected that assistance would be provided by the federal government. As I say, I think that is a correct statement of the constitutional practice.

But that is not what was said by the hon. member for Dufferin-Simcoe who was the

spokesman for the government on that occasion in the town of Essex when the farmers in that area were assured that the government would come to their assistance in the event that their crops suffered as a result of storms or acts of God.

So in order that we may deal finally with situations of this sort, possibly the minister could find occasion during the discussion of this bill to indicate what the government's intentions or thoughts may be with regard to crop insurance generally. It would be a relevant matter to discuss in respect to the amendments being provided to this bill, a bill which undoubtedly has given much satisfaction and contributed considerably to the well-being of the farmers of the prairie provinces.

Mr. Peters: We should like to thank the minister for the amendments that are to be introduced as indicated in this resolution, and we should like to take the opportunity of suggesting that some further improvements could possibly be made in this legislation.

I should on my own behalf like to suggest that the minister give consideration to extending this legislation to farmers in areas other than the prairies, because although the problems are not similar, the results are. In my area we are more apt to be troubled by rain than by lack of it, but this type of legislation would be advantageous in Ontario as well as elsewhere. In view of the rise in costs which has taken place in recent years, an increase which has affected farmers in particular, we would like to suggest that the amount of compensation be increased to $6 an acre and that the deductions be increased to as high as 3 per cent in those areas which have proved to be very high risk areas.

We appreciate the fact that the zoning has been changed, thereby eliminating the rigidity that formerly existed with regard to the large township areas, and we think that much good will accrue to farmers who are in an area on the boundary of a good area and who were in the past eliminated from the possibility of obtaining assistance under this act.

Mr. Rapp: Speaking on this amendment I should like to say in just a few words how welcome the changes will be in my constituency. I want to deal particularly with the change pertaining to flooded areas. A few years ago many sections of my constituency were flooded and since the size of the farms, or the area, had to be very large to get any benefit from this Prairie Farm Assistance Act, it was impossible. Now since the changes are such that the size is quite a bit smaller I think these changes would be very well appreciated in my constituency and welcomed.

(Translation):

Mr. Boulanger: Mr. Chairman, the Prairie Farm Assistance Act has certainly been very helpful in the past to the prairie farmers. I have a few observations to make about the advantages of that legislation, which has been of real benefit to farmers in western Canada.

This legislation was enacted to give assistance to farmers who suffered damage as a result of drought, floods and other natural causes. Eastern farmers are in favour of the measure but would like it extended to the whole of Canada.

Eastern farmers, like western farmers, suffer damage from those same causes. In fact, I remember that last year some farmers in my neighbourhood lost their entire crop as a result of a storm. Not only did they lose their crop but their farm buildings also suffered considerable damage, such as broken windows, and so on, and some of their cattle were injured. In short, after the storm they had absolutely nothing left, not even enough potatoes or vegetables for their own use. Therefore, they lost the fruit of a whole year's work and consequently were very badly off financially. It is for that reason that we would like to see that legislation extended to the whole of Canada.

Like the hon. member for Essex East (Mr. Martin), I would like to see crop insurance inserted in that legislation. I know that the Minister of Agriculture (Mr. Harkness) has referred to this many times in January, February and March before farmers organizations. In fact, he said at the time that he would introduce legislation on crop insurance. Unfortunately, the house has yet to hear about it. In my opinion, the minister had an excellent opportunity to elaborate on this project when he introduced his amendment, because I believe that crop insurance would be complementary to the Prairie Farm Assistance Act.

We urge the minister to take this into consideration; in putting forward these recommendations, I am expressing, I believe, the views of our eastern farmers.

(Text):

Mr. Speakman: Since the constituency I have the honour to represent is entirely agricultural and depends entirely on agriculture for the livelihood of all its constituents, I was very interested to hear the amendments proposed to the Prairie Farm Assistance Act,

and I should like to take this opportunity to compliment the minister on a very forward looking change in this outdated act which we have been using.

The proposed amendments will, in my opinion, remove at least 95 per cent of the complaints received last year concerning the administration and use of the act. Perhaps one of the greatest complaints received last year which is now being straightened out concerned high yield acreages in eligible areas which received payments while low yield acreages in various constituencies and townships received no payments. High yield acreages in eligible areas will no longer receive payments.

Perhaps one of the most forward looking amendments is the reduction of eligible acreages which has long been a bone of contention. I commend the passage of this resolution to the committee so that it can get into operation in time for the 1958 crop season.

Mr. Pickersgill: Before proceeding, Mr. Chairman, I should like to ask the minister if he knows why crown lands granted after 1940 are excluded under the present act?

Mr. Harkness: Mr. Chairman, I am informed that the reason for that was a very firm belief on the part of my predecessor in office that for the most part these crown lands were poor lands which should not have been put into cultivation and therefore it was a wise thing not to make payments on them because it would encourage more poor land being put into cultivation which should have been left in grass.

Mr. Pickersgill: I may say that was also my understanding. Of course, the act was passed, if I recall correctly, before 1940.

Mr. Martin (Essex East): 1935.

Mr. Pickersgill: I think the hon. gentleman will find it was later than 1935. P.F.R.A. was 1935 and P.F.A.A. was later, but before 1940. This was not excluding any land which was occupied at that time by farmers. It was a precautionary measure with relation to future grants and it was at a time, as I am sure the minister will recall, when we still lived in the shadow of the great droughts of the thirties which I think both he and I can remember very well. It was felt that no encouragement should be given to the farming of land which because it had not been settled before 1940 was presumably in most cases marginal land in the first place.

I wonder if the minister has satisfied himself that this would not have the result of people going into areas—we all know there are a few people who would do this kind of thing—and seeding them in a sort of fashion not for the purpose of getting a crop but for the purpose of getting a crop out of the treasury.

Mr. Harkness: In actual fact most of the lands granted after 1940 were not these submarginal, dried out plots of land at all but up in the Peace river country and the more northerly areas of Manitoba and Saskatchewan where the yield has generally been heavy. In addition to that there was a list of exemptions as far as those crown lands were concerned and the result of this has been that there has been a difficult administrative problem. It has cost a lot of time and effort and therefore money to show whether any particular quarter section was or was not excluded. My officials inform me that the cost of doing this is much greater than the amount of money that would be involved if we paid on everything. Also, as I say, there is a very clear indication that a severe inequity exists in that most of the lands granted after 1940 were not sub-marginal lands but land that is among the best producing land in the three prairie provinces.

Mr. Pickersgill: I would not want the minister to think I am opposing this at all and I am sure he is right about the lands that are now occupied. I wondered if the minister had satisfied himself that the result which his predecessor feared could not operate in the future and whether he thought of the possibility of saying that no crown grants made after 1958 would be eligible in order to meet that contingency or whether he thought it was not at all a serious contingency?

Mr. Harkness: No, I do not think it is. As a matter of fact, all these sub-marginal lands now reside in the crown either in the right of Canada or in the right of the provinces. Those taken over by the provinces and the dominion are now in community pastures or something along that line for the most part. I think there is little chance that any of that land would go back into private hands and thus become eligible.

I should like to say a few words about some of the statements which have been made during the course of this debate. The hon. member for Essex East quoted some statements which the Prime Minister made and some which I made when we were in opposition. I am glad to see that he is carrying on research of that kind and I am sure it will be very profitable for him—

Mr. Martin (Essex East): I can assure you it is very difficult.

Mr. Harkness: —and thereby he will gain quite a wide acquaintanceship with a large number of subjects with which I am sure he did not have an opportunity to become

familiar whilst he had the responsibility of the Department of National Health and Welfare on his shoulders. Among the statements the hon. member for Essex East quoted was one concerning crop insurance which is a matter that must be faced. I thoroughly agree with that. The hon. member is doubtless aware that ever since I have been Minister of Agriculture I have stated repeatedly that one of the big forward steps we must take in order to improve the general situation of agriculture in Canada is to institute a comprehensive system of crop insurance. I also think he is aware that in answer to questions in the house I have said on many occasions that an extensive study of crop insurance is being conducted in the department. It has been proceeding for some considerable time and I hope we will be able to introduce legislation in that regard in the not too distant future.

The hon. member also mentioned that perhaps a dominion-provincial conference should be held with respect to this question of crop insurance. The hon. gentleman will recall that approximately two months ago a meeting was held in Ottawa of all provincial ministers of agriculture. One of the matters discussed at that meeting was the question of crop insurance. I might say that the result of that meeting has been to complicate the situation because a number of provinces expressed no interest whatever in a system of crop insurance. I might point out that some provinces were interested, others were lukewarm and others displayed no interest at all.

Mr. Martin (Essex East): That is not the way it is in the matter of fiscal relations.

Mr. Harkness: No. But what it means, as I think the hon. member is aware, is that in order to introduce an acceptable system of crop insurance it makes it very difficult to find a scheme which would be applicable in the various provinces to ensure that no province would have a complaint because too much money was being expended in another province, and so on. There is no doubt but that the extreme variability of climatic conditions across Canada makes the matter of a general dominion-wide crop insurance scheme an extraordinarily difficult problem to solve. However, as I say, we are working on it in the department and I hope that in the near future we can introduce legislation in respect of a crop insurance scheme.

Another statement made by the hon. member for Essex East which was also referred to by other hon. members was that the Prairie Farm Assistance Act should be extended to all parts of Canada. In that regard I would merely point out that the great difficulty is how to make the levy. How would you collect the payment the farmer makes in connection with this? As far as the three prairie provinces are concerned it is very easy because grain is all handled through the wheat board. The levy is deducted by the wheat board and paid into the fund by the board and so it is a very simple matter to make collection of the levy but in any other part of Canada the question of collecting the levy from the farmer comparable to the 1 per cent levy collected on western grain would present very great difficulties as I think hon. members will readily appreciate. It would be an almost impossible practice to put into operation particularly as most agricultural producers in other parts of Canada derive the major portion of their livelihood through livestock or livestock products rather than through crops as is the case in western Canada.

That is one of the great difficulties as far as extending this particular scheme to other parts of the country is concerned. I do not think it would be a practical proposition. That is another reason why I think we should have a system of crop insurance.

The hon. member for Essex East also referred to certain damage that took place in an area of his own constituency. All I can say in regard to that is I do not know what statements the hon. member for Dufferin-Simcoe may have made prior to the 1957 election but, as the hon. member himself said, he is well aware of the fact that damage to a small area or damage to an individual has always been and must be, under our constitutional system and practice, looked upon as the responsibility of the municipality and of the province and then if it is damage of such an extensive nature that the province is not able to handle the matter, it applies to the dominion government for assistance. This was done in the case of the Red river flood at Winnipeg; it was done in the case of the Cabano fire and in various other instances, but the matter of expecting—I do not think the hon. member himself really does expect it—the dominion government to come in and pay damages of individual farmers in a small area is something that would be hopeless and impossible for us to do.

Mr. Martin (Essex East): I was pointing out the assurances that had been given and I said the Prime Minister had seemingly followed along with them but that I thought that the Minister of Agriculture had taken the correct constitutional position.

Mr. Harkness: The hon. member for Timiskaming made the statement that the C.C.F. also thought that the amount of the payment should be very considerably increased, up to $6 an acre. I think that is what he said

and at the same time that they could be paid for by increasing the levy in certain areas to three per cent. Now, what that would amount to would be to convert this from a drought relief scheme, essentially, to a farm crop insurance scheme and it would be an attempt to convert it to a system of crop insurance without having any basis to go on as to what land should be on the one per cent levy, the two per cent levy, the three per cent levy, and so forth. The result, of course, would be that it would cause a great deal more dissatisfaction than the type of system we have had, with all the faults which were inherent in it. In other words, if we are to put in a system of crop insurance—which I certainly trust we shall do—it should be done in a reasonable and proper way and not by attempting to say that this particular section of the province of Saskatchewan will pay three per cent and this section will pay two per cent, and so on, because I am quite sure in those circumstances you would create nothing but dissatisfaction and difficulties.

I should like to thank some of the other hon. members for the remarks they have made in regard to what the effect of those amendments will be. I feel quite convinced myself that when these amendments are in effect they will remove the greatest percentage of complaints which have been current in years past. I might state, which I did not before, that the cost of those various amendments is estimated to be around 20 per cent increase in the amount of money which will be paid out under the act in a normal year. In other words, sufficiently more people will be eligible who had not been eligible before so that there will be about a 20 per cent increase in the amount of payments made.

Mr. Boulanger: When the minister spoke about crop insurance he said that it would be difficult to collect the levy in the eastern provinces because in the west the collections are made by the wheat board. In the province of Quebec I think the collections could be made by the farmers organizations. L'union catholique des cultivateurs de la province de Quebec now have life insurance and automobile insurance but they do not have crop insurance. I am pretty sure they would be interested if the minister would talk to them and I am pretty sure that they could make the collections for crop insurance in the province of Quebec.

Mr. Harkness: I can only point out to the hon. member, as I did before, that this is not a system of crop insurance; it is a form of drought relief essentially and is not a system of crop insurance. It is the type of thing which is applicable really only in the prairie provinces where you do have widespread drought. As I said before, I trust that in the near future we shall have a system of crop insurance which would be applicable throughout the country.

Mr. Houck: Mr. Chairman, the minister referred to the fact that he had a conference with the other ministers of agriculture of the various provinces of the dominion. I was wondering whether the minister recalls the attitude of the minister of agriculture of the province of Ontario? When I refer to that I am speaking especially on behalf of the fruit and vegetable growers of the Niagara district, Essex, Kent and Leamington, and those other places which as the minister knows, have to depend a lot on the weather just as do the prairie farmers. In fact, an early frost in the fall could damage at least 40 per cent to 50 per cent of the crop. I was wondering whether the Minister of Agriculture showed any interest in this type of insurance for that type of crop?

Mr. Harkness: Mr. Chairman, those meetings which have been held periodically by the provincial ministers of agriculture are confidential. If I start to say what each minister of agriculture thinks in connection with crop insurance I am quite sure the hon. member would see that it would cause a great deal of difficulty and it would make it impossible to hold another conference where people would express themselves freely. For this reason I do not think it is advisable to make any statement in regard to what the ministers of agriculture of the different provinces felt in regard to this or any other matter.

Mr. Fisher: I want to ask the minister one question. Is the difficulty in extending this sort of assistance beyond the prairies purely an administrative one or are there principles involved that get in the way of including any other parts of the country?

Mr. Harkness: The chief difficulty is that there is no basis of making the levy in other parts of Canada.

Mr. Fisher: In other words, it is strictly technical.

Mr. Harkness: It is much more than technical. As I said before, the thing is that the livelihood of most farmers outside of the prairie provinces comes really from livestock production or livestock products, dairy products, poultry and what not, and those products are marketed in scores of different ways. Therefore, it is an absolute impossibility to make any sort of fair levy, which you can make in western Canada on the grain which is produced because it is all handled by the wheat board.

Mr. Martin (Essex East): Was a study not made by Professor Drummond of the Ontario Agricultural College of this very point? I wish I could remember the details of it. I do remember seeing a reprint of it, I think it was in the "Canadian Political Science Quarterly". He acknowledged that there were these difficulties but that a formula could be arrived at. I just merely mention that for the minister's consideration.

Mr. Harkness: I am not familiar with that, but anybody who has studied this matter will agree that the only thing that could possibly be used in most parts of the country is some type of crop insurance in which you would have a premium the same as you have in any insurance policy, and the amount of premium would vary greatly from area to area and possibly from one type of crop to another. The premium on a tobacco crop, for example, would be much greater than the premium on a hay crop, and so on.

Resolution reported and concurred in.

Mr. Harkness thereupon moved for leave to introduce Bill No. C-40, to amend the Prairie Farm Assistance Act.

Motion agreed to and bill read the first time.

ANIMAL CONTAGIOUS DISEASES ACT

AMENDMENTS RESPECTING LIMITS ON COMPENSATION FOR SLAUGHTERED CATTLE

Hon. D. S. Harkness (Minister of Agriculture) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Animal Contagious Diseases Act to remove the statutory limits on the amount of compensation for cattle slaughtered pursuant to the act, except when slaughtered pursuant to area or herd disease eradication programs, in which case the limits are to be increased.

Motion agreed to and the house went into committee, Mr. Rea in the chair.

Mr. Harkness: Mr. Chairman, the purpose of the bill to be introduced is to amend the rates of compensation for cattle ordered slaughtered as a disease control measure under the authority of the Animal Contagious Diseases Act. As the act now stands, compensation is authorized at their market value for all classes of livestock except horses and cattle. In the case of cattle there is a statutory limitation on compensation at a maximum of $100 for purebred animals and $40 for grade animals.

There are two types of circumstances under which cattle may be ordered slaughtered and compensation paid. One has to do with spasmodic outbreaks of serious diseases which do not normally exist in Canada such as the foot-and-mouth outbreak in 1952. It is desirable that the owners of animals slaughtered in such instances should be compensated at market value. That has not been the case up to date. All cattle were compensated for at the regular rates laid down which I have just indicated.

The other circumstance under which cattle may be ordered slaughtered and compensation paid has to do with area or herd programs for the eradication of diseases which are established in Canada. Examples of that are the tuberculosis eradication program and the recently instituted one for area testing and eradication of brucellosis.

It is not considered necessary or desirable to compensate owners at full market value for cattle ordered slaughtered under such programs, but the maximum compensations now permitted by the act are felt to be inadequate under present conditions. I might say that these limits were established quite a number of years ago and since that time prices of cattle generally have increased. Therefore it is felt to be only fair and reasonable that the rates of compensation should be increased in a way somewhat commensurate with the increase in the price of cattle.

Mr. Martin (Essex East): When were the basic rates fixed?

Mr. Harkness: The basic rates were fixed shortly after the first war. It just happens that at that period cattle were a relatively good price. Otherwise the rate of compensation would have been extraordinarily badly out of line with the price of cattle during recent years.

The effect of the present bill will be to permit the payment of compensation at market value for cattle ordered slaughtered in the control of spasmodic outbreaks of serious diseases and to raise the maximum compensation under the tuberculosis and brucellosis eradication programs to $140 for purebred cattle and $70 for grades. I might say that the bill is a very simple one of one clause for the purpose of increasing the rates of compensation as far as cattle are concerned under the herd testing programs.

Mr. Boulanger: Mr. Chairman, the increase for purebred cattle is to $140. I do not know whether the minister is aware that for some few years now the price of purebred cattle has been from $400 to $1,000 for good purebred cows. I wonder whether the minister would consider increasing the amount from $140. The same holds true in the case of grade cattle. If you want to buy a reasonably

good cow today you have to pay $150 to $250 but under this legislation farmers will only get $70 when cows have to be slaughtered. I think the minister should consider increasing the amounts to $125 for grade cows and to $200 or $250 for purebred cows. When a farmer loses his cows he has to buy others and he is not able to replace the slaughtered cows.

Resolution reported and concurred in.

Mr. Harkness thereupon moved for leave to introduce Bill No. C-41, to amend the Animal Contagious Diseases Act.

Motion agreed to and bill read the first time.

Mr. Speaker: It being five o'clock, the house will now proceed to the consideration of private and public bills, the former having precedence.

PRIVATE BILLS

TRANS MOUNTAIN OIL PIPE LINE COMPANY

The house resumed, from Friday, July 18, consideration of the motion of Mr. Broome for the second reading of Bill No. S-6, respecting Trans Mountain Oil Pipe Line Company.

Mr. Frank Howard (Skeena): On Friday last, Mr. Speaker, I was drawing my remarks to a close at six o'clock and I have but one or two other comments to make on this bill. The house will recall that I had just entered the phase of my discussion that dealt with the representations that had been made to those of us in the C.C.F. by the officials of this company and the admission by the officials that probably one of the main reasons why the stock rose from its original value of $10 to something in the neighbourhood of $140 was that they did not place on the market more of the original shares which they had in the treasury. The opinion was expressed that perhaps if the company, in the first instance, had allowed for the sale of more of their original 5 million shares on the market the price of the shares would not have gone as high as it did and they would not have had to come to parliament last year and again this year asking for a five-to-one split.

We have a number of questions which must be answered but unfortunately I do not think the officials of the company can answer them, for certainly those officials have no control over the movement of share prices on the market. There is no guarantee by the officials of the company that if this stock split is allowed under the present system of selling shares the general public will get an opportunity to participate in buying more shares. There is no guarantee

[Mr. Boulanger.]

that these shares will not be offered privately to the same oil companies that now have the bulk of the shares in Trans Mountain Oil Pipe Line Company. There is no assurance either as to what will happen when the stock split takes place. Past records will show that when a stock split has taken place in other companies there has been a tendency for the price to go up again to what it was before the stock split took place. We have no assurance at all that this rise in price will not develop again and that the public interest will not be unprotected.

As we submitted earlier in 1951 when this company was originally incorporated and as we submit now, there is only one way in which to protect the interest of the public with respect to the operation of this particular oil pipe line and with respect to its sister organization the gas pipe line and that is to classify them as utilities and operate them under public ownership so that the public gets the fullest possible benefits from the operation of that profitable industry.

Those are my remarks, Mr. Speaker. It is true that they have been spread over three different days and that a number of questions have been raised. I am sure the bill will pass second reading. When it gets to the committee the members who are on the committee will have an opportunity of raising these questions with the officials of the company who are there. I hope that they will undertake to elicit information about these questions that have been raised and will undertake, as best they possibly can—inasmuch as the company is not publicly owned—to ensure that the interests of the general public will be protected all across the board.

Motion agreed to, bill read the second time and referred to the standing committee on railways, canals and telegraph lines.

EILEEN ROSE BROWN PORTEOUS

On the order:

Second reading of Bill No. SD-154, an act for the relief of Eileen Rose Brown Porteous.—Mr. McCleave.

Mr. R. J. McCleave (Halifax): Mr. Speaker, I would ask that all the divorce bills this afternoon be allowed to stand until later this week. As far as I know, in none of these divorce cases has the evidence been distributed to the members of the house.

Mr. Speaker: Is it the pleasure of the house that these divorce bills on the order paper, items Nos. 39 to 72, stand?

Some hon. Members: Agreed.

Order stands.

CANADA ELECTIONS ACT

AMENDMENT REQUIRING RETURNS SHOWING INCOMES OF POLITICAL PARTIES

Mr. Frank Howard (Skeena) moved the second reading of Bill No. C-18, to amend the Canada Elections Act (election expenses).

He said: First, I must express my appreciation, Mr. Speaker, to the hon. member who seconded my motion for second reading. I refer to the hon. member for St. Denis (Mr. Denis). As outlined in the explanatory notes, the purpose of the bill is as outlined in the explanatory notes. Basically it is this. The Canada Elections Act at the moment, as hon. members know, provides that each candidate must file with the returning officer in his constituency a return setting out the sources of income for that candidate's campaign and also setting out the expenditures that are made on behalf of that candidate in respect of advertising, transportation and similar related costs in the conduct of the election. Unfortunately, though, the act at the moment does not make any provision for the declaration of income or expenditures by the central parties themselves.

We all know very well what happens. A candidate in declaring the source of his income—which I think must be properly treated as public information—can hide the true source if he has knowledge of it, or if he has not knowledge of it he can merely indicate that part of the contribution to his election campaign came from a central party headquarters, no matter which party it might be. The purpose behind the bill, as I said, is to provide that the national party headquarters, the national office of the particular political party, also be required to make a return indicating the source of their income, the amount, and whether it is in cash or whether it is as payment by some other outside group for services rendered to that particular party's operations.

I will undertake to get some statistical material as it relates to the province of British Columbia from returns filed by candidates in that province representing all of the political parties which ran candidates. We have from the province of British Columbia, of course, only two of those parties represented here in the house at the present time. It is not my desire to place on the record the source of income as declared by each individual candidate, whether or not he be elected.

One of the interesting things which was discovered as a result of this information, which incidentally is available to any member of the general public who wants to pay 20 cents in order to get it, was that with respect to the Conservative party and Liberal party declarations of sources of income, the major portion of the contributions to the campaign of an individual candidate was listed as coming from party headquarters. As far as the Conservatives were concerned, the figures ran in amounts such as $4,500, $10,000, $6,000, $7,000, $5,000 and so on. The major portion of contributions to the campaign of individual Conservative candidates in the province of British Columbia are listed anywhere from $4,000 up to $10,000 and the source is declared as either the Progressive Conservative party provincial headquarters or a private accounting company by the name of Field and Company in Vancouver, which was probably a bookkeeping agency hired by the Conservatives in order to keep track of the vast amount of money which they received in order to operate the last election.

The main issue is that there is no compulsion under the act for the candidate to declare the source, because he may not know where the money originated, but also that there is no compulsion on the central party to indicate where it gets these thousands and thousands of dollars with which to run a campaign. Certainly if political parties are to operate to the best interests of the general public then there must be an accounting to the general public as to the source of campaign fund contributions. If it is equitable that a candidate must declare the names of individuals or companies from whom he receives contributions and the amount of such contributions, then it is equitable that the national party itself should make a similar declaration to the general public as to the source of its income. We all know, I am sure, of the bible phrase, "Where your treasure lies there lies your heart also."

One of the unfortunate parts of the operation of elections here in Canada and even more so in the United States is that large industrial concerns and financial corporations, huge monopoly or semi-monopoly interests which want to ensure that the party forming the government will be partial to their ideas can easily and probably do make contributions in large amounts of money towards the campaign of any particular party. I am not saying because they make these contributions that any particular party will perform some sort of skulduggery to ensure that legislation passed is in the interests of the people who make such contributions, but it naturally follows that the party concerned will look upon those who contribute to it as friends and that the legislation it passes will be drafted with this in mind.

The general public, in the long run, pays for every political contribution made, whether

it be to the Tories or to the Liberals. It is made by large business concerns but the general public in one way or another pays, in the final analysis, for all contributions made to the so-called free enterprise parties. Therefore the general public should have an accounting as to the source of such income. Without going into too much detail this is purely and simply an expansion of the principle already laid-down in the act as it applies to individual candidates. Certainly if it is just that a candidate must show to the general public the sources from which he gets his campaign contributions it is equally just that the central parties make a similar declaration.

I rather expect, Mr. Speaker, that in the ensuing moments before six o'clock some other hon. members may have some comments to make on this bill, which I do hope will be given the support of the house. We all know from past experience that public bills in the hands of private members have very little chance of speedy passage through the house; invariably discussion is still going on at six o'clock and a vote is not taken on the bill. However, as I expressed myself on another bill standing in my name, which has been dealt with and which has not yet been voted upon by this house, I am not adverse to deferring second reading of this bill and having the subject referred to the committee on privilege and elections where it could be discussed and studied in more detail than is possible in committee of the whole house.

Mr. Drysdale: Would the hon. member permit a question?

Mr. Howard: Most certainly.

Mr. Drysdale: I was wondering if this bill was more motivated by the amount of campaign funds supplied to the other two parties and if the hon. member perhaps felt that the lack of success of the C.C.F. party was as a result of the insufficiency of the money it received?

Mr. Howard: There is no doubt that if you have—

An hon. Member: Through the Speaker.

Mr. Howard: I naturally at all times speak through you, Mr. Speaker. In answer to the question just posed there is no doubt that if, as it is reported, the Tories had spent something in the neighbourhood of $7 million to $8 million more on this last campaign, there is probably no limit to the effect on society of the man in the grey flannel suit of the huge advertising agencies, but the motivation behind this bill has nothing to do with the relative numerical position of the parties in this house. Nor has it anything to do with the support they have received during the last election or in any preceding election. It is merely a desire to expand the principle of asking candidates or official agents for candidates to make declarations as to the source of their incomes. As I say, if it is just that the general public should have that information from candidates then it is even more just, and more sensible, that they should have similar information from the national parties themselves.

Mr. Drysdale: Would the hon. member permit a supplementary question?

Mr. Howard: Mr. Speaker, I will permit my hon. friend all the questions he desires to ask.

Mr. Drysdale: As a point of interest. I was wondering if the hon. member could state how his expenses related to those of the other candidates within his particular riding?

Mr. Speaker: I am sorry but I cannot admit that question as being relevant to the matter under review.

Mr. Howard: I would be most pleased to answer, Mr. Speaker.

Mr. Brunsden: Mr. Speaker, I merely wonder if the hon. gentleman would give us the chapter and verse of his biblical quotation?

Mr. Howard: I did not hear the question, I am sorry.

Mr. Brundsen: I would like it very much if the speaker would quote the chapter and verse of the biblical quotation used?

Mr. Howard: I am sure the hon. member knows full well that Mr. Speaker cannot quote things of that nature.

Mr. M. J. A. Lambert (Edmonton West): Mr. Speaker, while the essential motive of the hon. member proposing it appears quite clear, I felt I would like to suggest to hon. members that the purpose and the language of the bill is very indefinite. As a matter of fact, I say that this bill in its present shape, even to accomplish the limited purpose defined by the proposer, is in such woolly and indefinite language that it would create more confusion and be subject to more varying interpretations than is the present act.

First of all, let us look at the wording of the bill. It says in clause—

Mr. Speaker: I do not want to stop the hon. member discussing the principle of the bill by dealing with the details, but I would remind him that this is second reading and that it is the principle of the bill which is under discussion.

Mr. Lambert: Thank you, Mr. Speaker, for drawing my attention to that. However, on

the question of the principle of the bill, it aims at a declaration by the central committee of a party as to the sources of its revenue. I am wondering just what the hon. member means when he says "central committee". I can think of any number of central committees in a political party. Is it the national central committee? Is it provincial? Is it city-wide? Is there a regional committee? What committee does the hon. member call a central committee? Even on the basis of the limited language of the bill, there is no indication as to what is meant by "central committee" and therefore I say right away that the bill is bad for uncertainty.

Another matter that I find very difficult to comprehend is just what funds a political party must account for. Are they funds used only for the purpose of meeting electoral campaign expenses, or are they funds that are gathered in between election campaigns, and again, since this is aimed at the matter of electoral expenses, how can we determine that the funds which are obtained from varying sources in between election years are allocated to definite election expenses?

The proposer of this bill feels that all political parties, including his own, it would seem, come into an election campaign with their coffers bare, devoid of any funds, when the writ is issued; that the funds are collected, and then wholly spent. In this bill, and from the explanation given by the hon. member, the funds referred to are those used for election expenses, and here again I say that it is impossible to determine just what funds were collected—and from whom—and spent for the purpose of an election. On a second count, therefore the bill is bad for uncertainty.

A third point is that it says "a political party". Now just what does a political party consist of?

Mr. Howard: John Diefenbaker.

Mr. Lambert: Is it a national party, is it a regional organization, or does it consist, in the case of an independent candidate, of a committee of two or three? I know of one man who presented himself for election and he was his sole committee. Was he a political party? There is no indication anywhere in the bill that would throw any light on this point. Hon. members who have had experience in a number of political campaigns will know that when they have had to deal with independent candidates—and good independent candidates—that these, too, have had resources. If the hon. member wants a political party to disclose the sources of its funds he must also insist that independent candidates should disclose the sources of the funds used for their election. It is quite simple for an independent candidate to arrange his affairs in such a way that he receives his funds from, shall we call it, the John Doe committee. Is that the central committee to which the hon. member refers in his bill? Is that committee a political party? I believe I have demonstrated on this score a third point on which this bill is most indefinite and indecisive.

I do not know just what the proposer of this bill feels he is going to unearth—whether he feels that there are some grave national scandals which will emerge from it on the assumption that you know a party by its friends. I believe that it is part of our democracy that the individual, if he is so minded, can donate anything to a party if he so desires, or $5, $10, $500 or even $1,000 to a particular candidate if he wishes to support that man. The proposer of the bill is fully aware that elections cost money; they cost money in varying amounts depending on the type of constituency and the desires of the candidate as to the sort of campaign he wishes to wage. Surely if we have the right of a secret ballot, which is a way of supporting a candidate, we also have the right to secret contributions from members of the public in support of a candidate.

Mr. Howard: That provision is in the bill already.

Mr. Lambert: I am still saying that if an individual wishes to make an anonymous contribution he can make it to a central committee within a local organization. Yet this bill if more clearly stated would force that contribution to be disclosed. On this principle anyone could be asked the question: how did you vote in the last election?

Mr. Howard: I voted C.C.F.

Mr. Lambert: You may be an individual voter, I do not know. But I earnestly submit that the purpose of this bill does transgress the right of any individual or organization in this country to support whatever individual party or individual candidate it desires. This is part of the hemming-in rigidity and conformity which follows some of the thinking of the hon. member's party.

I know there are other difficulties. I have seen it in the last election. In the city of Edmonton there was a public nomination meeting for the three candidates of the C.C.F. party to represent the three Edmonton ridings. After the nominating meeting was held the hat was passed around and it was reported that the sum of $600-odd was collected which would be sufficient to meet the deposits of the various candidates. This appeared in the press and therefore I am not disclosing any hush-hush secret. That

money was furnished to the candidates by a central committee. The hon. member's bill seeks to ask that central committee to divulge the source and the names of the contributors to the fund. Every one who dropped something in the hat would have to include his name with the contribution. One cannot reconcile the logic of the hon. member's bill and the regulations—

Mr. Howard: I would submit there is more logic in the bill than there is in your argument.

Mr. Lambert: The hon. member's bill asks for a declaration or disclosure of the sources of funds by a central committee. If a central committee of a political party is asked to divulge its sources of revenue, surely to goodness when it passes the hat the C.C.F. party is in the same position as any other.

I understand that in the city of Sudbury during the last election campaign, and perhaps prior to it, there was outside the pay offices of the International Nickel Company a type of receptacle much like those used by the Salvation Army at Christmas with a sign asking men to contribute to the campaign of the C.C.F. And still this bill seeks to have divulged the sources of funds and the names of contributors.

Mr. Howard: Declared as meeting collections and accepted.

Mr. Lambert: It is very easy to defeat what is sought to be accomplished by this bill. It would be easy to organize a meeting of contributors to a political party, gather them in a small room or hall and go about with a hat collecting cheques or bills. It is all the same. I would submit that this bill has so many loopholes, contains so many points that are vague, nebulous and not clearly defined that it could not accomplish the purpose the hon. member has in mind.

The hon. member says he wants political purity. When we speak of political purity I am reminded of a bill which was introduced in this house in 1938 by an hon. member of the other place. It was known as Bill No. 90. I understand that its popular name at that time was Power's political purity bill. According to my research it was introduced on March 28, 1938. The bill had a checkered history. It was debated on first reading and then sent to a committee. Presumably the committee had some discussion on it but at the same time they had before them another political purity bill which apparently occupied them at greater length. The committee reported that because of the contentious nature of the other bill they had before them they had not been able to consider Bill No. 90 for any length of time and therefore could not report much progress. Parliament was prorogued and that is where Bill No. 90 died.

As a matter of fact that bill went much further in purpose than does the one before us. It sought to have the moneys received by a political party paid into a specific bank account and stipulated that payments of all kinds by a political party should only be made from that one bank account.

Mr. Howard: What has that got to do with this bill?

Mr. Lambert: I am indicating that there have been predecessors to this particular bill. I am attempting to draw a comparison between the principles of the two bills. The hon. member might perhaps be interested in knowing something about the other bill.

Mr. Howard: How do you know that I do not?

Mr. Lambert: It is possible. The first object of Bill No. 90 was to make traceable and provide a public record of all receipts and expenditures for political purposes. The second object was to limit expenditures which may lawfully be incurred in promoting the election of a member. Some discussion took place about the limitation of expenditures which is not germane to the discussion this afternoon. If one considers the length and complexity of Bill No. 90 one can assume that some hon. members at that time felt that the problem existed which it is suggested by the hon. member for Skeena now exists, that there is something nefarious about politics and that political activity must always be carried out in the open. And that was so, as I have indicated before. To me there is as much value and right in keeping my contributions to a political movement anonymous as there is in keeping my vote anonymous. My contribution to a political movement represents a contribution in support of the ideas I hold.

The hon. member appears to be out after corporations and people who because they have the "limited" behind their names are in the category of big bad wolves threatening our economic and social life. I would ask him this question: what about contributions that are made to his own party from that and other sources?

Mr. Howard: That is what the bill covers.

Mr. Lambert: It might be interesting to know, admittedly, but on the other hand people might not be interested in finding out.

Mr. Howard: We have consistently made them public.

Mr. Lambert: Mr. Speaker, I wish to refer to some of the statements made by the hon. gentleman who introduced Bill No. 90 as recorded in *Hansard*, volume II, of April 5, 1938, at page 2025. I intend to quote only briefly from his remarks. The hon. gentleman said:

> I agree, and I presume this will be urged during the discussion, that we must not go beyond the lengths to which public opinion would want us to go. . . . It must have the support of the public, and this particular legislation must have the support of the persons most directly interested, namely, members of parliament. Otherwise it cannot be of any effect. I am quite aware it will be urged that you cannot make people honest by act of parliament.

There is much truth in that latter statement. If my hon. friend feels that we can legislate the people into morality, then I suggest to him and to this house that this bill misses the mark very widely.

I believe I have shown in the few moments during which I have spoken, that the amendments proposed in this bill to the Canada Elections Act contain so many loopholes that they would in no way clarify the law or improve election practices but would create more confusion and give greater opportunities for abuse.

On that score, Mr. Speaker, I believe that the bill, on the brief notice we have been given, is not one which should be considered in its present form by this house. I would suggest to the hon. member that he withdraw the bill, and if he wishes to consider his purpose more closely that he sit down, along with learned counsel who may assist him, and devise provisions which would make this bill rather more definite so that we could come in and say, "all right, we think this will accomplish the purpose". Honestly, Mr. Speaker, in its present form I do not think this bill will serve the purpose of getting at the source of imagined trouble which the hon. member for Skeena (Mr. Howard) thinks exists and so motivates his thinking. In all earnestness I ask him to withdraw his bill and bring it in at some other time, when we have a committee on privileges and elections. We must before long go in the matter of revision of election practices. The hon. member for Port Arthur (Mr. Fisher) has something on the order paper which has to do with elections and I believe the hon. member for Skeena has another in connection with the straw vote.

Mr. Howard: No.

Mr. Lambert: Then, it is one of his colleagues. We are facing here a sort of scatter-gun campaign.

Mr. Pallett: Scatter-brain.

Mr. Lambert: Somebody suggests "scatter-brain". This is a matter of taste and interpretation but I would look upon it more as a scatter-gun campaign which I do not believe will accomplish anything worth while. If there are defects in the Canada Elections Act—and I would agree with hon. members that there are defects in certain sections—then, we should sit down in committee at the appropriate time and with the advice of the appropriate officials discuss these matters in their entirety. We cannot discuss the effect of certain other aspects of election practices within the ambit of this bill. When we have the whole election act before us we shall have an opportunity perhaps to redress some of the grievances that the hon. member for Skeena believes do exist, and there may be some. On that score, Mr. Speaker, I feel that I must oppose the principle of this bill.

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, the hon. member for Edmonton West (Mr. Lambert) has covered this subject very completely, and he has set forth several suggestions that I intended to put forth myself. In the few minutes that are available I hope I will not repeat too much of what he has put forward. This subject is one which is obviously prominent in the minds of hon. members because most of us have been through two elections within the past year. This refers not only to the expenses which the member himself has incurred but to those which the party has incurred as well.

I wonder whether this bill is aimed at the contributors or at the party? Perhaps it is a little of both. I think that if it is aimed at the contributor it is an effort perhaps to pin him down. Perhaps it is well known that some contributors manage to contribute to two or more parties. Theoretically there is nothing basically wrong with that if the contributor feels that it is his duty to see that the platforms and the literature of all the parties are put forward equally, but that is the theoretical basis. I think the practical basis is —and I think this is what the hon. member for Skeena (Mr. Howard) has in mind—that perhaps some of those contributors, in supporting two or more parties, are just playing it safe. I believe they are perfectly entitled to do so if they feel that this will achieve what they expect. However, this brings up the second question to which I wish to refer. If there is any suggestion that those contributions amount to something corrupt or that practices coming from them are contrary to public morals, then I would say there is something to be concerned about; but there is no suggestion—at least I heard nothing in the introduction of the bill—that there is

corruption and therefore it is not necessary to go ahead on the basis that we must pin those people down.

I feel that any legislation which tends to limit the rights of the public to do as they like, any legislation that tends to regulate what a person may do in general terms, must be justified. This is an instance of regulating the contributions that a contributor may make to a political party in the same way, as mentioned by the hon. member for Edmonton West, as revealing his vote or finding out which party he supports. Any such legislation that restricts or regulates the rights of private individuals or corporations must have some justification and must be necessary in the public interest, before this house should see fit to carry it.

There is another matter. That concerns the definition of a political party. The bill makes no attempt to define a political party in a manner which would meet a good many of the situations which arise. We know that in this house there are three recognized political parties. I would suggest that in the case of these three parties perhaps they can be readily identified and their national headquarters can be identified; but there are many people who run in an election under a variety of party names. If one person forms his own party and runs, is he a political party or is he merely an individual? I think that he is not a political party at all. Let us suppose, that two or more people are running on a similar ticket with a similar name. Would they become a political party? I think there is a possibility that they might be. There are always a number of people who run, as far at least as their public declarations are concerned, as independents. I think we must recognize that there is no independent party, as such, and therefore all the people who call themselves independent I submit should not be recognized as a party.

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

Mr. Aiken: Yes.

Mr. Howard: I am just trying to help him along until six o'clock, that is all. Does the hon. member realize that the definition in the bill which defines a political party is taken from the provincial elections act of British Columbia and has operated for some years to define political parties without any difficulties?

Mr. Aiken: Not being from British Columbia I am afraid I am not aware of that fact, or whether or not it is a fact. Nevertheless I accept the hon. member's statement that this definition is contained in the British Columbia act, but I have no knowledge of the working of that provision or the extent to which it has been satisfactory. Furthermore, I think it probably has no particular cogency in this house.

There is one other thing I was about to mention having to do with the fact that on the ballot papers there is no indication as to political parties. I know that my hon. friends in the C.C.F. group have advocated that party affiliations be shown on the ballot papers but that is not the case now and I feel that it is not desirable. How then can we determine to which party a candidate belongs when he runs on an independent ticket or as the candidate of a party not generally recognized?

Finally, may I say that I am not raising these matters as a smokescreen behind which to hide, because I am not in favour of the bill. There are many practical problems involved and they would result in fairly broad changes in the principles we now follow in this country. Therefore I am not in favour of the bill as it now stands.

(Translation):

Mr. Paul Martineau (Pontiac-Timiskaming): Mr. Speaker, as everybody knows, elections cost money.

Mr. Habel: That is what Mr. Duplessis says!

Mr. Martineau: It seems that, when the time comes around for federal elections, a certain number of contributors always turn up at the right moment and provide what are referred to as "the sinews of war", and the campaign is on.

As for the bill proposed by the hon. member for Skeena (Mr. Howard), I recognize that it is no doubt inspired by a certain spirit of idealism, which I cannot criticize and I therefore congratulate the hon. member for bringing about a discussion on the contribution of electoral funds. However, I do not believe that the bill will accomplish its purpose, since it purports to change, as it were, to a certain degree, human nature itself.

There is already in the Canada Elections Act a parallel to the bill now proposed by the hon. member for Skeena. I mean the report which all candidates are required to fill as regards contributions received and expenses incurred. However, in spite of all the precautions taken in the Elections Act to give a definition of numerous offences, often subject to very serious penalties, everybody

admits that the reports filled in by candidates and their official agents, as to their expenses, are not complete.

I do not say that candidates or their agents send in reports which are deliberately inaccurate, but there are a thousand and one ways of eluding that provision of the act which, for all practical purposes, becomes inoperative and, in my view, encourages a certain hypocrisy.

Hon. members also know that many expenses specifically prohibited by the Elections Act are made just the same, not by the candidates or their official agents, but by other people who take part in elections and spend money for purposes which, under the act, are illegal. We know it and I believe that if this bill goes through, the same situation would prevail. The parties would, as a matter of form, send in reports stating amounts of official contributions. However, beside this official accounting, there would be an unofficial accounting, and a large number of contributions would not be accounted for.

I also feel that we should oppose this bill for the sake of public morality. If it went through, it would indeed give many people an opportunity to violate an explicit provision of the Elections Act. That is, in my view, one of the objectionable features of this bill. There are of course many others minutely described earlier by the hon. member for Edmonton West (Mr. Lambert).

I think it would be impossible in practice to apply this legislation. That is why, in spite of all the statutes that are enacted, the matter of electoral funds and expenses, not only of political parties, but of candidates, is always surrounded with mystery. Despite the inadequacy of the present system, there have been no suggestions of dishonesty or evidence of contributions made for the express purpose of illegally obtaining political advantages after the elections.

(Text):

Mr. Speaker: Order. The house will now resume the business which was interrupted at five o'clock. With the permission of the house, may I have the next order called so that the house can resolve itself into ways and means and resume in that capacity after the adjournment.

WAYS AND MEANS

The house in committee of ways and means, Mr. Rea in the chair.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

EXCISE TAX ACT

Resolved, that it is expedient to introduce a measure to amend the Excise Tax Act and to provide, among other things:

1. That the sales tax on the following goods be repealed:

(a) certain building materials, as follows:

(i) chimneys for buildings, not including fireplaces;

(ii) cornice, frieze, pilasters and other units or members of wood milled for use as structural or architectural building components, not including assembled or unassembled cabinets, counters, cupboards, furniture, ironing boards, work benches and similar installations;

(iii) ash handling and fuel handling equipment for use with furnaces for the heating of buildings, when connected directly to such furnaces and installed in the same building as such furnaces;

(iv) fuel oil tanks for use with furnaces for the heating of buildings and connected directly to such furnaces;

(v) latch sets, master key cylinder blocks, knobs and hinges;

(vi) hard surface plastic laminated building materials;

(vii) underlayment material for hard surface floor coverings for permanent bonding to floors;

(viii) articles and materials to be used exclusively in the manufacture of the foregoing.

(b) certain goods sold to or imported by municipalities for their own use and not for resale, as follows:

(i) culverts;

(ii) structural aluminum for bridges;

(iii) fire truck chassis for the permanent attachment thereon of fire fighting equipment to be used directly in fire fighting;

(iv) fire hose including couplings and nozzles therefor;

(v) diesel fuel oil for use in generating electricity;

(vi) goods for use as part of sewage and drainage systems;

(vii) articles and materials to be used exclusively in the manufacture of the foregoing.

(c) certain agricultural, horticultural and forestry goods as follows:

(i) stock conditioners, condiments and food supplements for addition to poultry, cattle and other stock feeds;

(ii) goods enumerated in Customs Tariff item 417:

"Machinery and apparatus and complete parts thereof and structural iron and steel, of a class or kind not made in Canada, when imported for use exclusively in the construction or equipment of factories for the manufacture of sugar from beetroot, or for receiving sugar beets, under regulations prescribed by the minister;"

(iii) individual tree guards and tree protectors not exceeding thirty-six inches in height;

(iv) cut flowers;

(v) materials to be used exclusively in the manufacture of grain or seed cleaning machines and parts thereof;

(vi) rodent poisons.

2. That the present exemption for fruit juices which consist of at least ninety-five per cent of pure juice of the fruit be extended to fruit juices consisting of at least eighty-five per cent of the pure juice of the fruit.

Excise Tax Act

3. That the wording of the exemption for "bases or concentrates for making beverages other than soft drink beverages" in Schedule III be changed to read:

"Bases, not including fruit or imitation fruit bases, for making non-alcoholic food beverages; fruit bases or fruit concentrates for making beverages, when sold in containers not exceeding ten ounces and consisting of at least eighty-five per cent of pure juice of the fruit."

4. That the wording of the exemption for "flavouring extracts" under "Foodstuffs" in Schedule III be changed to read:

"Food flavouring extracts, emulsions and powders, not including those for beverages."

5. That the exemption for desks and chairs specially designed for class room use when sold to educational institutions be extended to apply to chalkboards, desks, tables and chairs, excluding upholstered chairs, without the requirement that they be specially designed for class room use.

6. That the exemption for fire brick, plastic refractories, high temperature cement, fire clay and other refractory materials be extended by removing the present condition requiring them to be "for use exclusively in the construction or repair of a furnace, kiln or other equipment of a manufacturing establishment".

7. That the exemption for materials consumed or expended directly in the process of manufacture or production of goods be clarified and brought into line with the exemption for fuel for lighting or heating, which excludes fuel for use in internal combustion engines.

8. That advertising sheets, local bulletins, local circulars and similar publications be excluded from the exemption for newspapers unless they have qualified as a newspaper enjoying second-class mailing privileges.

9. That certain goods enumerated in Customs Tariff item 848 continue to be exempt from sales tax by listing in Schedule III of the Act the following Tariff items under which these goods are being regrouped by Customs Tariff Resolutions:

399a, 399b, 399c, 848, 848a, 848b.

10. That payments under section forty-seven of the act to the institutions for children and aged, infirm or incapacitated persons to which that section applies, be increased

(a) by enlarging the class of such institutions eligible to receive such payments by removing the present requirement that the shelter or care provided must be permanent or semi-permanent;

(b) by including in the payments an amount equal to the taxes paid on purchases made within two years prior to certification by the Minister of National Health and Welfare, and made by or on behalf of the institution in the course of construction during that period.

11. That the annual fee for sales and excise tax licences be abolished.

12. That the excise tax on special editions of non-Canadian periodicals imposed by Part II of the act be repealed.

13. That any enactment founded upon this resolution be deemed to have come into force on the eighteenth day of June nineteen hundred and fifty-eight.

The Deputy Chairman: I rather assume perhaps, as you have done in the past, although it will be one resolution, for discussion purposes we might go through it item by item. The first one is No. 1 (a). Is there any discussion on this item?

Mr. Martin (Essex East): Mr. Chairman, I should like to ask you a question just so that we will clearly understand the procedure that you have suggested. You suggest that the general discussion should be on what item?

[Mr. Speaker.]

Mr. Fleming (Eglinton): Mr. Chairman, I do not think you are suggesting that there ought to be general discussion; but in keeping with the practice that has been followed on budget resolutions, while under this heading of Excise Tax Act there is one resolution, what you were suggesting was that we should follow the practice we followed with reference to the resolution respecting income tax and treat it as one resolution but call the paragraphs seriatim.

The Deputy Chairman: So it is clause 1, paragraph (a) which takes in from (i) to (viii). There are eight parts in it.

Mr. Chevrier: I think the hon. member for Essex East was trying to be helpful.

Mr. Martin (Essex East): Of course he was.

Mr. Chevrier: What I was inquiring about was whether it is the intention to take the whole resolution or to take clause 1 (a) and go through it and dispose of it and then go to clause 2.

Mr. Fleming (Eglinton): Mr. Chairman, I take it that what you have called now is the whole resolution but for convenience of discussion and in order to contribute to orderly discussion you are calling the paragraph numbered 1 in the resolution.

The Deputy Chairman: Paragraph 1.

Mr. Martin (Essex East): May I ask the Minister of Finance this question. If he were discussing the question of the excise tax on automobiles, under what item would he discuss it if he were sitting on this side of the house?

Mr. Fleming (Eglinton): If I were sitting on that side of the house I would realize that there is nothing in this resolution with regard to the excise tax on automobiles and I would know that if I attempted to discuss that subject I would be completely out of order.

Mr. Martin (Essex East): We want to help my hon. friend.

Mr. Fleming (Eglinton): Thank you.

Mr. Martin (Essex East): He is now engaged in tactics that are certainly not calculated to promote the swift disposal of the matter. Certainly one is entitled to discuss something that is not provided for in this particular resolution.

Mr. Fleming (Eglinton): No.

Mr. Bourque: Can the minister tell me when the time will come to discuss article (b):

Certain goods sold to or imported by municipalities for their own use and not for resale, as follows:

Mr. Martin (Essex East): Do it right now.

Mr. Fleming (Eglinton): Perhaps it would facilitate matters Mr. Chairman, if you would call paragraph (a) now and if there is no discussion on paragraph (a), call paragraph (b); then my hon. friend would have the opportunity of discussing the matter to which he refers.

The Deputy Chairman: Clause 1, paragraph (a) which takes in items (i) to (viii).

Mr. Martin (Essex East): I think that the proper place to discuss the particular matter I have in mind, along with others, particularly at this moment, namely the failure of the Minister of Finance to provide for some reduction if not the elimination of the excise tax on automobiles would be at this very stage in our proceedings and I propose to do that unless the Minister of Finance, who seems to be concerned about our procedure, can offer some valid explanation as to why I should not do so.

Mr. Fleming (Eglinton): Mr. Chairman, I think my hon. friend knows that the place where he can raise that subject for discussion, and where indeed he did raise it, was in the budget debate.

Mr. Martin (Essex East): Oh, we did that.

Mr. Fleming (Eglinton): Yes; he did so there. Quite so. It was proper to do so there. That was the place for my hon. friend to raise objection to the omission from the budget proposals of something he thought should have been there provided. We are now on the resolution respecting the amendments to the Excise Tax Act. There is in this amendment nothing that says anything about the excise tax on automobiles.

Mr. Martin (Essex East): That is my point.

Mr. Fleming (Eglinton): What my hon. friend is proposing to do is to start another budget debate and, with great respect, Mr. Chairman, I submit that is completely out of order in this committee of ways and means when we are dealing with these resolutions. You have the rule binding in committee that the discussion must be relevant to the item before the committee; and there is nothing in this resolution that says anything about the excise tax on automobiles. This matter has been discussed before, Mr. Chairman. The same point arose when the first of the budget resolutions was called in committee of ways and means. The same issue arose there and the chairman corrected some hon. gentlemen who sought to engage in another budget debate. If my hon. friend were right, Mr. Chairman, it would mean that every time you called the budget resolution with respect to the amendment of one of the taxing acts anybody would be quite in order in starting another budget debate over what he considers to be the shortcomings of the budget with reference to proposals affecting that particular act. We have before us a resolution that deals with a number of specific proposals for amendment of the Excise Tax Act. In my respectful submission discussion must be relevant to the terms of the resolution before us; and according to the orderly procedure that has been settled in these cases it must, in my submission, be relevant to the particular section of the resolution that is immediately before the committee.

Mr. Martin (Essex East): May I speak again to the point of order, Mr. Chairman? I think there can be no question as to my right to discuss this matter on this resolution. The authority for so doing lies, of course, in the practice of this house and the rules of this house. The resolution states:

Resolved, that it is expedient to introduce a measure to amend the Excise Tax Act and to provide, among other things:

My hon. friend makes a number of points. One of them was that the opportunity for engaging in this discussion resides in the budget itself. My hon. friend will recall that during the budget debate I took advantage to make reference to this matter, along with other matters. But there can be no question of the right of an hon. member in discussing a particular act to suggest in the course of remarks that he may choose to make that the measure is faulty in that it does not include items which the member may feel should have been included. That is precisely my position now. That is also the position which my dear and hon. friend took on May 18, 1954. If he will look at *Hansard*—

Mr. Fleming (Eglinton): You had better see whether he took it successfully or not.

Mr. Martin (Essex East): I will deal with that matter when I deal with the substance of what I have to say. If my hon. friend will look at *Hansard* for 1953-54 at page 4815 he will find that the minister of finance then

presented the motion dealing with the amendments that he had in mind with regard to the Excise Tax Act. We find this:

EXCISE TAX ACT

Resolved, that it is expedient to introduce a measure to amend the Excise Tax Act and to provide, among other things:

My hon. friend used the same resolution on that occasion as that which is being used tonight, and which has always been, as I am seeking to do. Then after the resolution was introduced there followed a preliminary statement by the minister of finance. Then, as found at 4817 of *Hansard*, my hon. friend began to discuss his amendment to the Excise Tax Act and in the second paragraph on the left hand side of the page he said this:

The matter I should like to mention, sir, is not to be found in the resolution as such. My purpose is to express regret that no action has been taken by the Minister of Finance in regard to the matter.

Then he referred to the matter which he specifically had in mind, namely the exemptions from sales and excise taxes. My friend spoke at some considerable length—no, I am wrong, on that occasion he was to the point—but the fact is that he did resort to the precise procedure which I am now following and that, Mr. Chairman, is certainly an excellent and highly authoritative precedent for the action I am taking.

An hon. Member: Was there a ruling on it?

Mr. Martin (Essex East): No objection was taken for the simple reason that there could be no exception taken except by one who for some reason or other was anxious to pass, surreptitiously and too quickly the measure he was asking us to approve.

Mr. Fleming (Eglinton): Now that my hon. friend has spoken to the point of order, may I challenge his statement that the course he now proposes to follow is in keeping with the practice of the house. The fact is that two years ago this issue arose just as it is arising now and that was the occasion for a ruling by the Chairman, who was deputy speaker at the time, and which is to be found in *Hansard* for April 3, 1957. The house was then in committee of ways and means on a resolution respecting an amendment to the Income Tax Act, which resolution was preceded by similar words as is the present resolution, namely:

Resolved that it is expedient to introduce a measure to amend the Income Tax Act and to provide, amongst other things:

And then followed some nine paragraphs setting forth detailed proposals for amendments to the Income Tax Act. The hon. member for Greenwood, as financial critic of the opposition, began to make certain remarks of a somewhat general nature concerning the Income Tax Act and the failure of the budget to make provision for relief from the burden of that act. He was challenged by the then minister of finance who said in effect that the hon. member was making another budget speech and then on the second page of the discussion the chairman intervened. At page 3022 of *Hansard* of April 3, 1957, this is what the chairman said:

Order. May I intervene here to say that I believe to some extent we are repeating what would more appropriately be said in the budget debate. I have not interrupted the hon. member up to this point because I thought he was laying a groundwork for discussion of this resolution but I must point out to the hon. member that we are now discussing the resolution with regard to income tax which is very confined and set out in numbered paragraphs. I do not believe that a general speech of this kind is in order.

If I allow latitude to the hon. gentleman I of course must allow latitude to other hon. members to reply and we are in committee governed by the strict rule of relevancy. I must ask the hon. member to confine his remarks to the proposals which are set out in this particular resolution.

What could be more clear than that, Mr. Chairman? A specific ruling two years ago by the chairman of the committee, who was then the deputy speaker, the late Mr. Robinson, and who said on that occasion that the hon. member who was speaking must confine his remarks to the proposals set out in that particular resolution.

I submit to you, Mr. Chairman, that that is a sound and binding ruling which completely meets the point raised by my hon. friend. It is not only, as was mentioned by the chairman on that occasion, that if the latitude sought by my hon. friend is accorded to him it must also be accorded to all hon. members of this house, but there is also the point that the Excise Tax Act deals with hundreds upon hundreds of commodities and chattels and if discussion is permitted on anything in that act then we might as well reconcile ourselves to being here for months. If my friend, the hon. member now discusses something not contained in the budget resolution—and the words "automobiles" or "motor vehicles" are not to be found in this budget resolution—then he or any other hon. member of this house is perfectly in order in discussing any one of the hundreds of items to be found in the schedules to the Excise Tax Act.

I submit, Mr. Chairman, that the ruling made in April, 1957 is sound and binding and completely precludes my hon. friend from following the course he has indicated he wishes to pursue.

Mr. Benidickson: Mr. Chairman, may I speak on the point of order. My hon. friend,

the Minister of Finance, who has just spoken, in past years has invariably taken advantage of his privilege to speak on this stage of the discussion of the budget resolutions. I think it was in 1956 that he himself was given a privilege in this house to the full extent of 40 minutes—

Mr. Fleming (Eglinton): No, no.

Mr. Benidickson: —to discuss why, in a resolution relating to the Excise Tax Act, the government had not seen fit to deal with the Carter commission. In addition, this particular problem arose on July 10 of this session and you, Mr. Chairman, said, when as it happens I spoke on that occasion, that I should make no general observations about the budget but that I was perfectly at liberty to refer to things in and things which should be in the resolution before the committee. That is recorded at page 2113 of *Hansard* of July 10 of this year.

Mr. McIlraith: I wonder if I might be heard on the point of order, Mr. Chairman. With reference to the argument of the Minister of Finance, I would like to draw your attention to the speech made by the hon. member for Greenwood as recorded at page 3021 of *Hansard* for April 3, 1957, where he said:

> I wish to make one general observation about the minister's budget.

Then follows a lengthy argument about the budget; not about income tax at all, but about the budget, and throughout the whole of this discussion it continues in this vein. That was the point on which the chairman was ruling, and I would like to read the following paragraph to illustrate my point:

> The hon. member for Inverness-Richmond complained when speaking in the debate that I had failed to appreciate the various functions a modern budget can perform—

That is the sort of remark made by the hon. member at that time; it was a general budget speech that was being delivered and the objection was taken to that very point. The ruling was that the hon. member's remarks must be confined to the resolution and in this respect I would draw your attention, Mr. Chairman, to the rule itself, Rule No. 59 (2):

> Speeches in committee of the whole house must be strictly relevant to the item or clause under consideration.

The item under consideration is that it is expedient that the committee pass judgment on the wisdom of introducing a measure to amend the Excise Tax Act, that is to say, whether or not an item should be introduced to amend that act. Perhaps it should not be introduced because it is going to be defective because it does not deal with articles that should be dealt with and I submit for these reasons it is quite clear that any discussions limited to excise tax items which should be or should not be in the amendment are relevant.

Mr. Crestohl: If it is intended that the debate should be limited strictly to those items listed in the resolution that means that there is no meaning whatsoever in the words "among other things" I think the minister should at least inform the house what is meant by the words "to amend the Excise Tax Act and to provide, among other things." I think those words are superfluous if the debate is to be restricted only to what is listed in the resolution, and I respectfully submit that the words "among other things" open the door wide for us to debate any matter which has to do with the Excise Tax Act. We have had one such experience quite recently in connection with the Dominion Succession Duty Act, with regard to one very brief paragraph. But we have received a bill containing close to 60 sections, and I respectfully submit we should be able to debate under this heading anything which we can possibly visualize as being brought in under the act, and this would be provided for by the phrase "among other things."

Then, too, if the minister should say that we cannot now go into these matters because he interprets it as being another budget debate, I would suggest that in the budget debate speeches are limited to 40 minutes, and inside those 40 minutes an hon. member is expected to cover four different budget resolutions. I submit that to debate four different resolutions a member of the house should have the opportunity to debate each one for the full length of time.

The Deputy Chairman: I must ask the hon. member to speak about the point of order.

Mr. Crestohl: I am talking about the point of order. I am suggesting we should be given the full period of time in which to talk about each one of these resolutions, because we do not have that facility in the general debate on the budget.

The Deputy Chairman: It is, of course, up to the Chair to follow the regulations set out here, and with regard to what was said by the hon. member for Ottawa West, standing order No. 59 does say in section (2):

> Speeches in committee of the whole house must be strictly relevant to the item or clause under consideration.

Now this is an amending act, and when you amend an act it does not open up the discussion of the full act. All hon. members

realize that. The Chair wants to be as generous as possible, of course, in order to help the thing go through, but we cannot let this grow into a debate on the entire Excise Tax Act, and therefore I will have to ask members to limit their general remarks to items that appear in this amendment. There is no other way, and that is the ruling of the Chair.

Mr. Pickersgill: With the greatest possible respect, Mr. Chairman, if I may refer to one observation you made in your ruling, this is not an act or a bill, but a resolution asking us whether it is expedient that a bill be introduced and surely what we are debating here is the acceptance of what is to be put before us or some different course, otherwise there would be no point whatever in having a resolution. I would, of course, agree with the view taken by Your Honour if this was a bill under discussion, but there is no bill before us, and no act being amended as yet. What we are discussing is whether there should be a bill.

The Deputy Chairman: I realize this is a resolution—

Mr. Martin (Essex East): In view of your ruling, and the importance of this question, may I suggest that Your Honour, who always does his best to devote painstaking care to these matters, may want to give further consideration to the point which has been raised. The Minister of Finance, commenting on what I said, really did not touch the point—

Mr. Fleming (Eglinton): Order. The ruling has been made. Surely, Mr. Chairman, you have made your ruling and it is not open to the hon. gentleman to argue the point.

The Deputy Chairman: I think the hon. member for Essex East realizes that the Chair has made its ruling and that the matter is disposed of unless anyone wishes to take it further.

Mr. Martin (Essex East): I regret I will have to appeal your ruling.

An hon. Member: Get the flag.

The Acting Speaker (Mr. Rea) resumed the chair, and the acting chairman of the committee (Mr. McGee) made the following report:

Mr. Speaker, in committee of ways and means, when the committee was considering a resolution to amend the Excise Tax Act, the chairman ruled that, in accordance with standing order 59 (2), the debate must be relevant to and confined to the provisions of the proposed resolution, whereupon Mr. Martin (Essex East) appealed to the house from the ruling of the Chair.

The Acting Speaker (Mr. Rea) put the question as follows:

[The Deputy Chairman.]

The question is an appeal to the house from the ruling of the chairman of the committee of ways and means, as follows:

"In committee of ways and means when the committee was considering a resolution to amend the Excise Tax Act, the chairman ruled that in accordance with standing order 59 (2) the debate must be relevant to and confined to the provisions of the proposed resolution, whereupon Mr. Martin (Essex East) appealed to the house from the ruling of the Chair."

Mr. Chevrier: Mr. Speaker—

Mr. Fleming (Eglinton): There is no debate.

The Acting Speaker (Mr. Rea): This is not debatable.

Mr. Chevrier: Mr. Speaker, I desire to be heard not on the point—

Mr. Bell (Carleton): There is no right to be heard.

Mr. Chevrier: Yes there is.

Some hon. Members: Closure again.

The Acting Speaker (Mr. Rea): When the Speaker is on his feet no one has the floor.

The house divided on the question: Shall the ruling of the chairman be confirmed? And the ruling was confirmed on the following division:

YEAS

Messrs:

Aiken
Allard
Allmark
Anderson
Asselin
Baldwin
Barrington
Beech
Bell (Carleton)
Bell (Saint John-Albert)
Belzile
Bigg
Bissonnette
Brassard (Chicoutimi)
Brooks
Browne (Vancouver-Kingsway)
Bruchesi
Brunsden
Cadieu
Campbell (Lambton-Kent)
Cathers
Charlton
Churchill
Clancy
Coates
Cooper
Creaghan
Crouse
Danforth
Deschambault
Dinsdale
Doucett
Drouin
Drysdale
Dubois
English
Fairfield
Fane
Fleming (Eglinton)
Fleming (Okanagan-Revelstoke)
Flynn
Forbes
Fraser
Grills
Gundlock
Hales
Halpenny
Hamilton (Qu'Appelle)
Hamilton (York West)
Hanbidge
Henderson
Hicks
Hodgson
Horner (Acadia)
Horner (Jasper-Edson)
Horner (The Battlefords)
Howe
Jones
Jorgenson
Keays
Kennedy
Kindt
Knowles
Korchinski
Kucherepa
Lahaye
Lambert
LaRue
Latour
Letourneau
Lockyer
Macdonald (Kings)
MacEwan

MacInnis	Paul
MacLean (Winnipeg North Centre)	Payne
Macquarrie	Pigeon
MacRae	Rapp
McCleave	Regnier
McFarlane	Ricard
McGee	Richard (Kamouraska)
McGrath	Robinson
McGregor	Rogers
McIntosh	Rompre
McPhillips	Rynard
McQuillan	Simpson
Maloney	Small
Mandziuk	Smallwood
Martel	Smith (Calgary South)
Martineau	Smith (Winnipeg North)
Martini	Southam
Matthews	Speakman
Monteith (Perth)	Spencer
Montgomery	Stanton
More	Stefanson
Morrissette	Stewart
Morris	Tasse
Morton	Thomas
Muir (Cape Breton North and Victoria)	Thompson
Muir (Lisgar)	Tremblay
Nasserden	Valade
Noble	Villeneuve
O'Leary	Vivian
Ormiston	Walker
Pallett	Webster
Parizeau	Weichel
Pascoe	Winkler
	Wratten
	Yacula—141.

NAYS

Messrs:

Badanai	Houck
Batten	Howard
Benidickson	Loiselle
Boivin	McIlraith
Boulanger	McMillan
Bourget	McWilliam
Bourque	Martin (Essex East)
Cardin	Martin (Timmins)
Carter	Mitchell
Chevrier	Peters
Crestohl	Pickersgill
Denis	Ratelle
Dumas	Roberge
Eudes	Robichaud
Garland	Rouleau
Gour	Tucker
Habel	Winch—35.
Herridge	

And the house having resumed in committee:

On clause 1.

The Deputy Chairman: We are on clause 1, items from (a)(i) to (viii).

Mr. Martin (Essex East): No; we are on the general discussion. I have a submission to make. We are now dealing with the general resolution. Mr. Chairman, I move that the resolution be amended by adding thereto a subparagraph in the following wording:

That the excise tax on motor vehicles be repealed.

Mr. Chairman, I am now ready to speak to the proposition which I have put forward.

Mr. Fleming (Eglinton): Mr. Chairman, would you please put the motion? Would you read it, please?

The Deputy Chairman: It is moved by Mr. Martin (Essex East):

14. That the excise tax on motor vehicles be repealed.

Mr. Fleming (Eglinton): Mr. Chairman, that amendment is so clearly out of order that I find it difficult to speak with restraint—

Some hon. Members: Oh, oh.

Mr. Fleming (Eglinton): —when it is put forward by a member who has been in the house now for nearly 20 years and yet puts forward an amendment as completely and clearly out of order as that one.

Mr. Chevrier: Why don't you speak to the point of order?

Mr. Fleming (Eglinton): Every member knows perfectly well that no such amendment may be moved, except by a member of the government, as it affects the balance of ways and means and consequently, like all the resolutions contained in the budget, requires the royal recommendation. This matter does not even require discussion. It is so palpably and obviously an attempt to circumvent the rules of the house for what is thought to be a political advantage.

Mr. Martin (Essex East): Mr. Chairman, I am not going to deal with the last observation made by the Minister of Finance. He knows perfectly well that there is a duty on those of us on this side of the house to do what we think is in the interests of the nation and of our constituents. I could well ask you, Mr. Chairman, to ask the hon. gentleman to withdraw what he said but I am not going to. The hon. gentleman said that he spoke in reply to my proposal with restraint.

Mr. Fleming (Eglinton): Not in reply; I was speaking on the point of order.

Mr. Martin (Essex East): Many of us had occasion within the last few minutes to give careful consideration to the desirability of restraint with regard to procedural matters that have taken place in a most unusual way in this house tonight.

Mr. Benidickson: We did not ask for a flag.

Mr. Fleming (Eglinton): Mr. Chairman, on the point of order—

Some hon. Members: Sit down.

Mr. Fleming (Eglinton): —before my hon. friend tears any more of the rules of the house to shreds and tatters it might be well

to remind him that it is completely out of order to reflect on the vote of any hon. member of the house.

Mr. Pickersgill: You cannot raise a point of order on a point of order.

Mr. Martin (Essex East): My hon. friend, of course, dismisses the right of an hon. member to take the course I have taken by using a series of adjectives, none of which, of course, was based in any way upon the rules of the house. My hon. friend did not refer Your Honour to any rule of the house. He simply said that it was so obvious that my motion was out of order that it required no comment except the whole series of characteristic adjectives that flowed from the lips of my hon. friend. I refer Your Honour to Beauchesne's Parliamentary Rules and Forms, fourth edition, 1958, No. 265 on page 221, which is in these words:

> No member other than a minister of the crown may introduce a bill for the reduction of duties. The government must take full responsibility for the taxation levied to provide the revenue. But the house—

I would call these words to Your Honour's attention.

> —enjoys complete freedom to make every representation possible to the government with regard to the manner in which the ministers discharge this responsibility.

I will make no comment about the implications of that with respect to the right of those of us on this side or in any quarter of the house to discuss the taxation policy of the government, but I would call Your Honour's attention particularly to the final sentence.

> This duty the members may perform by moving amendments to reduce the taxes proposed by the administration.

The Deputy Chairman: Order. On the question of whether or not this motion is in order, in the opinion of the chair it is not relevant and therefore is not in order. There is nothing in this amendment about automobiles.

Mr. Pickersgill: Surely, Mr. Chairman—

Some hon. Members: Order.

An hon. Member: Sit down.

An hon. Member: Closure.

Mr. Pickersgill: Mr. Chairman, whenever the untrained seals have completed their noisemaking—

The Deputy Chairman: Order. The hon. member for Bonavista-Twillingate has the floor.

Mr. Pickersgill: With the greatest possible respect to the chair, surely the excise tax, the one now under consideration, is the tax which does in fact impose this impost on motor cars and surely, therefore, it is a mistake on Your Honour's part, quite an honest one, I feel—

An hon. Member: It has been disposed of.

Mr. Pickersgill: —to suggest that this does not come within the ambit of the act which the minister is now proposing to have amended.

Mr. Fleming (Eglinton): Mr. Chairman, on the point of order, you have made your ruling and the hon. gentleman is simply seeking to argue over a ruling that has already been made.

The Deputy Chairman: May I point out to the hon. member for Bonavista-Twillingate that what he says is certainly relevant to the Excise Tax Act but it is not relevant to this resolution which has to do with certain amendments to the act. The chair has made its ruling and certain courses are open to hon. members. Shall we continue the discussion on clause 1?

Mr. Pickersgill: I accept Your Honour's ruling without any question or reservation whatsoever. I should like, therefore, to address myself to the motion now before the house. The motion is that it is expedient to introduce a measure to amend the Excise Tax Act and I say, sir, that it is not expedient to introduce this totally inadequate measure which is being proposed by the Minister of Finance. I say that the most obvious of the inadequacies which make it most inexpedient for us to be asked to do this is the total failure of the government to do anything about the excise tax on motor cars which is imposed under this act.

The Deputy Chairman: I know that the hon. member was in the house, knows what has transpired and is aware of the ruling of the chair. We cannot make this discussion an automobile runway through the house at the moment and I must ask the hon. member to address himself to the resolution.

Mr. Pickersgill: I shall endeavour to comply with the increasing limitations and restrictions imposed by this government, which went to the country to restore the rights of parliament—

Some hon. Members: Order.

An hon. Member: Closure.

Mr. Pickersgill: —and which is now exhibiting what it meant by restoring the rights of parliament. Surely what British parliamentary history was about was the right of the House of Commons to decide what imposts should be imposed upon the people. Here

we have a Minister of Finance with the arrogance to say that what he says is expedient we have got to accept as expedient without any question, that we cannot discuss whether he has chosen the right way or the wrong way to do this, that we simply have to rubber stamp this limited, inadequate list of things totally at variance with what the minister promised from one end of the country to the other in two general elections. In other words, sir, the word "expedient" in any dictionary that I have ever looked at, if it means anything, means "advisable".

This course is advisable or it is not advisable. Surely it is impossible to discuss that matter without discussing alternatives. As I say, it seems to me that since the most important perhaps of any of the imposts in the public mind imposed under this tax—and one which, incidentally, the government promised either to take off or substantially reduce—is not comprehended within this resolution, it makes a mockery of parliament, of our procedure—

Some hon. Members: Oh, oh.

Mr. Pickersgill: —and of our whole parliamentary procedure if we are to be gagged and circumscribed in this fashion.

Some hon. Members: Oh, oh.

The Deputy Chairman: Order. I must ask the hon. member to come back to this resolution of the amendment and not to wander away from it quite as much as he has done.

Mr. Pickersgill: I want to ask the Minister of Finance if he thinks that the public will be satisfied and will consider it an expedient thing to do to remove the sales tax on chimneys instead of removing it on motor cars, particularly as this tax is not even being removed on all chimneys but only on chimneys not in fireplaces.

An hon. Member: What about rat poison?

Mr. Pickersgill: Then I ask the minister whether he thinks that the public is going to be satisfied—the public to which he made these sonorous promises in those booming organ tones with which we are so familiar—to have the tax taken off cornices, friezes, and pilasters and other units or members of wood milled for use as structural or architectural building components, not including assembled or unassembled cabinets, cupboards, furniture, ironing boards, work benches and similar installations. If the minister thinks that this kind of puny reduction is going to satisfy the people who were promised that the excise tax on motor cars was going to be taken off, he is very much mistaken.

Mr. Ricard: This is just a start.

Mr. Pickersgill: Moreover, if the minister thinks that ash handling—

An hon. Member: What is going on now?

Mr. Pickersgill: I forbear to make the obvious reference to ash handling, Mr. Chairman. If the minister thinks that the removal of the sales tax on ash handling and fuel handling equipment—I suppose the fuel handling equipment is to lift coal that is no longer being mined in Nova Scotia—will satisfy the public. If the minister thinks that the public will think this is as good as taking the tax off motor cars, I think the minister had better not go back to the public again for a while.

An hon. Member: You should know.

Mr. Pickersgill: Then, of course, perhaps he has come a little bit nearer to what would be expected when he proposes to take the tax off fuel oil tanks for use with furnaces for the heating of buildings and connected directly to such furnaces. But now here is one that will certainly give a thrill to the average man who expected the cost of motor cars to be reduced. This is something that is going to give him a thrill when he finds that the sales tax is going to be taken off latch sets, master key cylinder blocks, knobs and hinges.

Mr. Ricard: Is there anything about bubble gum?

Mr. Pickersgill: Then, Mr. Chairman, we come to something that I think will have an almost universal appeal from cape Bonavista right to Estevan point. The tax is to be taken off hard surface plastic laminated building materials. I have no doubt that it is a very good thing to take the tax off these things. I have no objection to it whatsoever. But I suggest that it is a rather inadequate substitute for what before the election—and particularly before the election a year ago—the public were told they could expect from hon. gentlemen who are now sitting on the treasury benches.

Mr. Ricard: What about bubble gum?

Mr. Pickersgill: Then we have another one. The tax is to be taken off underlayment material for hard surface floor coverings for permanent bonding to floors. Of course, the sex appeal of that is evident to every hon. member and it will no doubt have a tremendous appeal to the people of Canada. Then finally we have this one:

(viii) Articles and materials to be used exclusively in the manufacture of the foregoing.

I do not know what is used in the manufacture of the foregoing, and I imagine that matter is going to present certain difficulties to the tax gatherers.

Then, Mr. Chairman, I have no doubt that the municipalities are going to be grateful for this very small, miserable pittance that is to be offered to them compared with the total removal of the sales tax on purchases by municipalities which hon. gentlemen promised when they were on this side of the house.

Mr. Ricard: They did much better than you have done.

Mr. Pickersgill: This is another example of what happens when people talk before they think—

Mr. Churchill: That is happening now.

Mr. Pickersgill: —and promise before they understand. Then, Mr. Chairman, we have this one:

(c) certain agricultural, horticultural and forestry goods as follows:
(i) stock conditioners, condiments and food supplements for addition to poultry, cattle and other stock feeds:

An hon. Member: Very funny.

Mr. Pickersgill: It is not funny at all. It is undoubtedly a very good, small, insignificant tax reduction—

An hon. Member: Like yourself.

Mr. Pickersgill: —for which a few people will be quite grateful. But it is certainly not what the people expected when they voted to have the tax taken off motor cars. Then we have this one:

(ii) goods enumerated in Customs Tariff item 417: "Machinery and apparatus and complete parts thereof and structural iron and steel, of a class or kind not made in Canada, when imported for use exclusively in the construction or equipment of factories for the manufacture of sugar from beetroot, or for receiving sugar beets, under regulations prescribed by the minister;"

I have no doubt my friend the hon. member for Essex East will be happy to vote for this small bit of relief for the people in his part of the country, but it is not something that is going to have a universal appeal. I have a feeling that the people in the counties of Kent and Essex would have preferred to have the tax taken off motor cars even if they had to go on paying the sales tax on this machinery and apparatus not made in Canada.

Then we have this one, and of course it will appeal to all lovers of trees all over the country—

Some hon. Members: Oh, oh.

Mr. Pickersgill: Perhaps, as some hon. gentleman suggests it will appeal to more than lovers of trees. We have:

(iii) individual tree guards and tree protectors not exceeding thirty-six inches in height;

I wonder, Mr. Chairman, why not 37 inches?

Mr. Kucherepa: Why don't you check it yourself?

Mr. Pickersgill: I wonder why the minister took 36 inches? I think that matter can be left to the public imagination.

An hon. Member: We will leave it to yours.

Mr. Pickersgill: Then of course we have: "cut flowers". I am surprised that it appears the flowers may be of any colour and not merely blue ones. Once again it seems to me that this is reminiscent of other days which were sad days.

An hon. Member: Liberal days.

Mr. Pickersgill: This will not bring a thrill to the hearts of the ordinary people of Canada who hoped and expected and believed that if they voted for the Minister of Finance and his friends they would have the price of motor vehicles in Canada reduced.

Mr. Benidickson: Also shoes and clothing.

Mr. Pickersgill: Then we have materials to be used exclusively in the manufacture of grain or seed feeding machines and parts thereof, but I will leave this for the hon. member for Assiniboia to discuss at the appropriate time.

Mr. Kucherepa: He is not here.

Mr. Pickersgill: No, I suppose he is in the same place as your leader.

An hon. Member: And yours.

An hon. Member: They know all about the next one!

Mr. Ricard: You had better call on the C.C.F. to help you.

Mr. Pickersgill: I believe I caught the remark of an hon. member opposite to the effect that I ought to know all about the next one. I do not know that I would be particularly proud to be a member of a government the symbol of whose budget is the reduction of the tax on rat poison.

An hon. Member: And bubble gum in your time.

Mr. Pickersgill: I am only too happy to leave the Minister of Finance to his own rat poison. These are apparently all the repeals. Then we have the second section which is certainly the kind of section that a person who wanted to buy a motor vehicle at a lower price than he is now paying would find more than adequate as compensation for his disappointment.

Mr. Bell (Carleton): What did your government do?

Mr. Pickersgill: Oh, good heavens, Mr. Chairman; good heavens.

Mr. Kucherepa: That staggers you.

Mr. Pickersgill: We are in this house to debate the ambit of this resolution and the hon. member, the aspirant for the position of parliamentary assistant to the Minister of Finance, now proposes to debate the record of the previous government. I suggest, Mr. Chairman, in raising such an issue he is out of order.

I suggest, furthermore, that it is doubtful that this second section will provide the compensation, the heart balm the minister apparently thinks it is going to provide, especially in respect of the exemption of fruit juices, which consist of at least 95 per cent of pure juice of the fruit, which exemption is to be extended to fruit juices consisting of at least 85 per cent of the pure juice of the fruit.

Mr. Kucherepa: Go drink some orange juice, Jack.

Mr. Pickersgill: The Tory government is not satisfied merely to water down its promises but now it is going to water down our fruit juices. However, here we have something which has perhaps a little more appeal if my first glance has not deceived me, and it may be that after all there is something hidden in this amendment which will be a compensation to the people of Canada. Here it is:

That the wording of the exemption for "bases or concentrates for making beverages other than soft drink beverages—

Apparently we cannot have cheaper motor cars but we can make beverages other than soft drinks and can console ourselves in that way, but I must say I find it an odd provision for the present Minister of Finance to be putting into the law.

Mr. Pallett: The hon. member had better read the whole section.

Mr. Pickersgill: This is to be changed to read:

Bases, not including fruit or imitation fruit bases, for making non-alcoholic—

Once again a disappointment—

Mr. Kucherepa: Are you disappointed, Jack?

Mr. Pickersgill: It reads:

Bases, not including fruit or imitation fruit bases, for making non-alcoholic food beverages;—

An hon. Member: You talk as though you had been into it.

Mr. Pickersgill: The hon. gentleman is speaking out of his own vast experience and so would no doubt be able to tell. It continues:

—fruit bases or fruit concentrates for making beverages, when sold in containers not exceeding ten ounces and consisting of at least 85 per cent of the pure juice of the fruit.

I do not know whether it should be pure fruit juice or pure juices of the fruit. No doubt that is a distinction, as the hon. member for Kootenay West would say, without a difference.

Next we come to paragraph 4, which seems to me will hardly compensate the present aspirants to motor vehicle ownership for not having the tax taken off which the Minister of Finance promised when he was on this side of the house. When such people read that instead of this tax reduction which they expected what they are going to have is an exemption on flavouring extracts—as a matter of fact there seems to be a lot of flavouring in this resolution—in foodstuffs under schedule III, which is to be changed to read:

Food flavouring extracts, emulsions and powders, not including those for beverages.

I think he is likely to be slightly disappointed. The popular appeal of that particular tax reduction will be obvious, and I use the favourite word of the Minister of Finance, to all who read, but I must say I do not know myself what it means.

An hon. Member: That is understandable.

Mr. Pickersgill: Then we come to another section which I admit is a concession of a very sensible nature. This is that desks and chairs designed for classroom use do not have to have a particular design. I realize I have taken a certain amount of the committee's time but I think perhaps if I had been allowed to express myself in the way I originally wished to do I could have said what I had to say much more briefly. Since I am forced to be strictly relevant to the motion before the committee, however, it does somewhat delay my progress. I must say the puritanical note in this particular section does rather astonish me.

Mr. Benidickson: Upholstery!

Mr. Pickersgill: Whether the Minister of Finance has himself always had a hard seat I do not know but why children should be denied upholstery if the school boards want to provide it for them I cannot understand.

Mr. Benidickson: Or the whole school, for that matter.

Mr. Pickersgill: The next paragraph, I think, must have been very close to the minister's heart because it seems to deal with

refractory materials, and I could well understand why the minister would want to remove the tax on refractory materials because there are no materials which the minister handles better than those and in my experience there is nothing much more refractory than the most conciliatory of the minister's speeches, and those which are less conciliatory are even harder. Then we come to materials consumed or expended directly in the process of manufacture or production of goods which are to be clarified and brought into line with the exemption for fuel for lighting or heating, which excludes fuel for use in internal combustion engines. I have no doubt the minister will explain that it is a good thing—

Mr. Benidickson: This is going to cost the taxpayers more money.

Mr. Pickersgill: —since he will not take the tax off motor cars, to make sure that he keeps it on the fuel that is used in the motor vehicles. Apparently that is the only object of this section of the resolution if it has any meaning at all.

And now we come to something that is not hard to understand from this government. Advertising sheets, local bulletins, local circulars and similar publications are to be excluded from the exemption for newspapers unless they have qualified as newspapers enjoying second-class mailing privileges. Evidently, the only kind of advertising that is to be free of taxation in this country is the advertising of hon. gentlemen opposite.

In the next section it is provided that certain goods enumerated in item No. 848 continue to be exempt from sales tax by listing in schedule III of the act the following tariff items under which these goods are being regrouped by customs tariff resolutions No. 399a and so on. I will not take the time of the committee by reading that. Again, it seems to me that this may have a useful and limited purpose, but that is very far indeed from what we were led to expect would be done in the first budget brought down by the Minister of Finance after all the promises we have heard in two succeeding elections. It seems to me that the rest of the provisions of this section have no real meaning at all so far as the general public is concerned.

An hon. Member: There are 13 of them.

Mr. Pickersgill: My hon. friend suggests 13. Item 13 says:

> That any enactment founded upon this resolution be deemed to have come into force on the 18th day of June, 1958.

[Mr. Pickersgill.]

I thank the hon. member for Cartier for having reminded me of a day that will go down in Canadian history as a day of dupes.

Mr. Ricard: Mr. Chairman, coming from a constituency where the people are mostly workers and farmers I wish to say that what the hon. member for Bonavista-Twillingate has been saying tonight is just harmful to our people. Those exemptions that are listed here will benefit the small people and it is unfortunate that a former member of the late government should be able to stand up here and complain because our present government, the Conservative party, is bringing some help to the small people. I do not intend to speak very much, and those fellows who hate the province of Quebec and who take every opportunity to run down their own province should shut up.

The Deputy Chairman: I would ask the hon. member to refer to the items in the amendment, and he should not be interrupted.

Mr. Robichaud: Give us some more natural gas.

Mr. Ricard: Would you tell that gentleman from Nova Scotia who knows nothing about the province of Quebec to shut his mouth while we are talking?

The Deputy Chairman: Order. I suggest to the hon. member that he withdraw that last remark.

Mr. Pickersgill: Particularly as all Nova Scotia members are Tories.

Mr. Ricard: Mr. Chairman, the man is from New Brunswick and not from Nova Scotia, so—

Mr. Chevrier: Mr. Chairman, the hon. member who has just spoken used words which are offensive and which are against the rules of this house when he said that an hon. member should shut his mouth. Those words are unparliamentary, and they should be withdrawn.

The next point is that the hon. member referred to hon. members from Nova Scotia, and most of the members from Nova Scotia, in fact all of them, are on the other side of the house. Your Honour asked the hon. member for St. Hyacinthe-Bagot to withdraw and I think, on those two grounds, that he should not only withdraw but amend the offensive words he used when he asked the hon. member to shut his mouth.

The Deputy Chairman: I asked the hon. member to withdraw his remarks and I understood that he had, in fact, withdrawn them.

Some hon. Members: No.

Mr. Ricard: Could I ask the member to remain quiet?

Some hon. Members: Withdraw.

The Deputy Chairman: Did you withdraw those words?

Mr. Ricard: With respect to your order, sir, I will. I am not surprised to see the hon. member for Laurier coming to the rescue of his friend over there because the hon. member for Laurier came to my constituency, and the very fact that he did so—

The Deputy Chairman: Order. I must ask the hon. member to keep his remarks directed to the item under discussion or I will be forced to ask him to sit down.

Mr. Ricard: With all respect to your judgment I will only rise again and say that I feel sorry that the hon. member for Bonavista-Twillingate should think that he has to get up and feel sorry because the Conservative government brought in some measures to help the small people. Thank you.

Mr. Herridge: Mr. Chairman, with the usual sense of responsibility and high regard for parliamentary procedures and constitutional practice which is shown in this house by members of this group on all occasions, I wish to deal with one or two matters in this budget resolution which concern some of my constituents.

I wish to deal first of all with an item which is of serious concern to the small mining and lumbering companies in my constituency and, I presume, in many other areas.

Mr. Fleming (Eglinton): I wonder if the hon. member would wait until we reach that item because there is an amendment on it which, I believe, will deal with the point I have in mind.

Mr. Herridge: Has the minister responded to the entreaties of the companies in question?

Mr. Fleming (Eglinton): I can tell the hon. member that there is an amendment to be introduced when we reach this particular item. I think I know the point he has in mind, and if we can proceed with this in order I think he will be satisfied.

Mr. Herridge: Very well, Mr. Chairman, that is so heartening that I will sit down forthwith.

Mr. Robichaud: I have a question to ask the minister. I wonder if the minister could explain to the committee if item 1 (a)(v) where it mentions latch sets, master key cylinder blocks, knobs and hinges includes the latch sets, master key cylinder blocks, and hinges, which are used on certain machines which I cannot discuss at this time but they are machines on wheels propelled by a motor.

Mr. McGee: How clever.

Mr. Fleming (Eglinton): Mr. Chairman, I can hardly restrain myself at the mirth that the hon. gentleman has invited the committee to indulge in, but putting aside that natural temptation perhaps I should say to my hon. friend that this new amendment will round out the present exemption for locks and lock sets.

Mr. Robichaud: On what?

Mr. Fleming (Eglinton): On anything; even my hon. friend.

Mr. Habel: You wish he had one, eh?

The Deputy Chairman: Section 1(a) clauses (I) to (VIII); does anyone wish to discuss anything in that section?

Mr. McMillan: Mr. Chairman, having in mind the different items the Minister of Finance mentioned—

Some hon. Members: Louder.

Mr. McMillan: —in connection with the elimination of sales tax for everything purchased by—

Some hon. Members: Louder.

Mr. McMillan: —school boards and municipal councils, I wonder if (b) (III) would apply to them. It relates to fire truck chassis for the permanent attachment thereon of fire fighting equipment to be used directly in fire fighting.

Some hon. Members: Louder.

Mr. McMillan: Municipalities have to buy chassis for dump trucks, for general use trucks, for garbage trucks and equipment of that nature. I was just wondering if I will be permitted to use the word "truck" which, is after all, an automobile. I also wondered if it is allowable to refer to chassis for police cars, for instance. The municipalities buy a great many cars for police and other services. I am wondering just whether or not we will be allowed to discuss cars under this particular item. Certainly if the Minister of Finance wanted to do something for the municipalities he could have helped them by eliminating the sales tax on the particular trucks and cars to which I have referred that municipalities use in their municipal services.

Some of the small municipalities might require a chassis for a fire truck only once in 10 or 15 years but they must be purchasing general purpose trucks every year or two. If the minister sincerely wanted to assist the municipalities he could have done

so by removing the sales tax on these trucks and cars that are purchased by municipalities.

The Deputy Chairman: Is there any other discussion on section 1 (a), clauses (I) to (VIII)? The hon. member for Welland referred to section 1 (b). If there is no more discussion on (a) we could proceed to (b).

Mr. Benidickson: Mr. Chairman, as I recall it there has never been any ruling to the effect that when you have a resolution such as the one before us it must be dealt with seriatim until the general discussion is concluded. It is one resolution and invariably in the past we have gone to subsections only with the unanimous consent of the house or committee.

The Deputy Chairman: That is what the Chair was asking, if there was any more discussion on those points.

Mr. Nasserden: Mr. Chairman, may I point out that the items covered in this particular section all apply very aptly to conditions which we are experiencing in Canada today. Earlier during the course of this session we passed legislation to increase the homebuilding program in Canada.

Mr. Pickersgill: Mr. Chairman, I rise on a point of order. I wonder how the hon. member for Rosthern can relate a speech on housing to any of the particular items in this part of the resolution.

The Deputy Chairman: I should like to ask the hon. member for Rosthern how he intends to do that?

Mr. Pallett: Mr. Chairman, on the point of order raised by the hon. member for Bonavista-Twillingate, I think it is perfectly obvious in the items set forth.

The Deputy Chairman: I again ask the hon. member for Rosthern what he proposes doing.

Mr. Nasserden: Mr. Chairman, thanks very much.

Mr. Pickersgill: One rule for both sides of the house; that is all we ask.

Mr. Nasserden: Mr. Chairman, there are a number of items that directly affect the building of new housing and the repair of old housing. As I look down the list I see reference to chimneys for buildings. If I were building a house today I should be very glad to note the removal of sales tax on chimneys. There is also provision for the removal of sales tax on assembled or unassembled cabinets, counters, cupboards, furniture, ironing boards, work benches and similar installations. These represent a big reduction in the cost of these articles that go into the building of a home and this will also benefit the young and old homebuilder alike.

In the next section there is reference to ash handling and fuel handling equipment for use with furnaces for the heating of buildings when connected directly to such furnaces and installed in the same building as such furnaces. Even the hon. member for Bonavista-Twillingate will realize that the person installing a furnace in a building will receive a considerable saving in respect of the sales tax.

Mr. Rouleau: How much?

Mr. Nasserden: If a home builder instals an oil burner as most people do today he will require a fuel tank and because fuel tanks are referred to here he will benefit through the removal of the sales tax on this item. When you build a house—despite what has been said by hon. gentlemen in the opposition during the course of this debate—you have to instal a door with a lock and hinges. Here, too, the homebuilder will have a saving in the sales tax on these items. Reference is also made to hard surface plastic laminated building materials and the sales tax has been removed on these items. There is not an hon. member in this house tonight who does not know that those who are building homes today are using more plastic and laminated materials than were ever used in years gone by. The use of these modern building materials is increasing and I commend the minister for removing the sales tax on these items.

I want to assure the minister, those on the treasury benches and hon. members of the house as well that in a constituency such as mine where many of the people are engaged in the building trade and many are improving the existing housing the people there appreciate the savings they will make in respect of these items.

Section 1 (b) deals with various things the municipalities are using in the vast development program that is taking place in all parts of Canada today. The municipalities are seeking to provide the essential services to the people who are crowding into the urban centres.

Mr. Robichaud: He is making the minister's speech.

Mr. Nasserden: The removal of the sales tax on such items as culverts, structural aluminum for bridges, fire truck chassis for firefighting equipment, fire hose including couplings and nozzles, diesel fuel oil for use in generating electricity and goods for use

as part of sewage and drainage systems will be of vast assistance to the municipality in terms of savings.

We come now to section 1 (c) which refers to certain agricultural, horiticultural and forestry goods.

Stock conditioners and food supplements used by livestock raisers and other people are things that enter into the cost of production on every farm in Canada, particularly on the livestock farms. As a farmer who has carried on livestock raising in years gone by, I know that the removal of the sales tax on these particular items will certainly be welcomed by the particular people who will have occasion to make those savings.

There is an item here having to do with cut flowers and hon. members, particularly hon. members of the opposition, have been tossing a lot of words around about cut flowers. This is all part of the same kind of program that is giving young people in this country a little bit of savings in this budget that they need to help them in their work. I certainly think the members of the opposition would not want us to raise the sales tax on cut flowers. I have not heard them say that.

Mr. Robichaud: What about rat poison?

Mr. Pallett: What about bubble gum?

Mr. Benidickson: What about boots and shoes?

Mr. Nasserden: Rat poison, as hon. members know, is a very important part of the control program of rats which take a tremendous toll in this country. It is amazing to think that a government of this country would have put a sales tax on rat poison, and yet that is the kind of government we had for 22 years.

We heard quite a lot about the exemption for fruit juices. We know what the result of this particular clause in the legislation will be. It will mean that the producers of fruits in this country will have a little better market for their fruit products and as a result they will have a little better income. From that point of view I do not think any member of the opposition will go out electioneering and say that they want to put a sales tax on fruit juices.

We now come to the exemption on desks and chairs. I am not going to say very much about it. I think all of us should agree that so far as desks and other classroom equipment are concerned we can be thankful that we have a government that recognizes that education is as important as this government believes it is and which was not recognized by a government that was in power for so many years.

One of the interesting clauses is clause 6 which reads:

> That the exemption for fire brick, plastic refractories, high temperature cement, fire clay and other refractory materials be extended by removing the present condition requiring them to be "for use exclusively in the construction or repair of a furnace, kiln or other equipment of a manufacturing establishment".

This will have a tremendous impact on the over-all building trades in this country. It will bring about a saving to almost every person engaged in the building of houses who uses these particular materials.

Something was said about advertising. I thought for a minute that the hon. member for Bonavista-Twillingate would seize on the second-class mailing privileges. We did not hear him say anything about that. All I want to say is that the action of the government will promote the distribution of this material without sales tax. Clause 11 reads:

> That the annual fee for sales and excise tax licences be abolished.

I understand that the fee was $2 and that it was paid by those who collected the excise taxes for the government. That was the way it used to be under a Liberal administration. Under the present administration the people who collect the tax will not have to take out a licence to collect it. I do not think I need to say anything more about that. There might be some item that we would like to see included.

Some hon. Members: Hear, hear!

Mr. Nasserden: I wish to thank hon. members of the opposition for their applause; I really appreciate it because I know they are going to have a hard time to applaud what they have said in the house tonight when they go out on the hustings in the next election campaign.

Mr. Denis: May I ask the Minister of Finance whether the hon. member for Rosthern who has just resumed his seat is his unofficial or unchosen parliamentary assistant?

Mr. Bourque: In the Montreal *Star* of June 2, 1958, there appeared the following news item:

> Civic Fight Urged for New Tax Split
>
> Victoria, B.C., June 2—Canadian municipalities' coffers have become appalling reminders of old Mother Hubbard's cupboard, Mayor Lloyd D. Jackson of Hamilton, Ontario, today warned the Canadian federation of mayors and municipalities convention.
>
> "They may not be as bare but they have nevertheless been pretty well stripped by the federal and provincial governments," the outgoing president pointed out at the opening meeting of the three-day convention.
>
> Asks "Lost" Revenues

"All we want is the return of the equitable share of revenues we formerly enjoyed and lost out to the two governments, but without any strings attached. We want our autonomy more than ever so that we can properly do the job—

Mr. Fleming (Eglinton): Mr. Chairman,—

The Deputy Chairman: I am afraid I will have to remind the hon. member that we are not on dominion-provincial relations; we are on an amendment to the Excise Tax Act.

Mr. Bourque: Mr. Chairman, if I may say so respectfully, sir, the tax exemption has to do with both the provincial and the federal governments and I was coming to that. I was building up my case to come to that. It is related to tax exemption.

Mr. Fleming (Eglinton): It is not related to that at all.

Mr. Bourque: I respectfully submit it is.

The Deputy Chairman: The hon. member can come to it without taking so long to build up his case.

Mr. Bourque: The tax exemption paragraph is a significant paragraph and that is what I was building up to, Mr. Chairman. The article goes on:

We want our autonomy more than ever—

Mr. Fleming (Eglinton): Mr. Chairman, may I ask you to bring the hon. gentleman to order. We are not discussing municipal autonomy; we are discussing an amendment to the Excise Tax Act which, among other things, has the effect of relieving municipalities from the excise tax on certain things they purchase. This has nothing to do with the subject the hon. member is quoting from and I suggest we come down to the business that is before the committee. This evening we have had a demonstration of slapstick comedy and everything else. I suggest we now come down to the business of the house which we were elected by the people of Canada to do.

Mr. Pickersgill: More dictatorship.

Mr. Bourque: I am not slapsticking or doing anything that the minister suggests. If he does slapsticking or whatever he calls it that is his affair. I am strictly trying to bring my point to the question of tax exemption for the municipalities. I think I have the right, Mr. Chairman, to make the point when we are dealing with a tax exemption clause.

I should like to read now, Mr. Chairman, from the submission to the government of Canada on behalf of the municipal government of Canada:

The Canadian Federation of Mayors and Municipalities . . . acts as the spokesman of the municipal governments with respect to matters of interprovincial and national concern.

The federation, over recurrent years, has come before the dominion government—

The Deputy Chairman: I am going to have to ask the hon. member to discuss the items before us.

Mr. Benidickson: Mr. Chairman, I think you are well aware that the speaker is mayor of one of our important municipalities and I have every reason to believe that he is building up to the taxes which are imposed on municipalities which he hopes would be reduced, such as the items we have before us in this resolution.

The Deputy Chairman: I realize the hon. member is trying to build up a case on that matter and I appreciate it very much but I do hope that the hon. member will cooperate with the Chair and please direct his attention to the subject matter of this resolution to amend the Excise Tax Act.

Mr. Bourque: May I submit again since there are three levels of government, namely the federal, provincial and municipal, that the taxes which the municipalities have to pay are relative to what I am saying, as are tax exemptions also. I am leading up to that by quoting from an authority, the Canadian Federation of Mayors and Municipalities. Taxation is related to tax exemption, Mr. Chairman, and that is exactly what I am alluding to now.

The federation, over recurrent years, has come before the dominion government for the purpose of presenting resolutions passed at its annual conference and . . . to place before the cabinet the point of view of municipal governments with respect to... municipal problems which . . . fall within the scope of the dominion government's jurisdiction. Many of these matters are of a financial nature. Others have to do with trends and developments which... are of vital interest to the government of Canada.

In earlier submissions to the dominion government, the federation outlined in considerable detail the background problems, particularly the financial problem, which have plagued municipal governments ever since pre-war depression years . . . The central fact which emerges is that whether it is depression, war or prosperity, municipal revenue resources are both tenuous and vulnerable. In periods of deflation—

Mr. Fleming (Eglinton): Mr. Chairman, I must rise again. Your ruling is simply being defied by the hon. member. We are not dealing here at all with the question of municipal revenues. We are simply dealing with the problem of amending the Excise Tax Act in certain respects and in one particular with respect to certain purchases made by municipalities. This has nothing to do with municipal revenues and I would ask you, Mr. Chairman, to call upon the hon. member to adhere to the rulings of the chair instead of defying them as he is now.

Mr. Benidickson: Mr. Chairman, surely the hon. member is leading up to the point that a sales tax is imposed upon municipalities which makes it more difficult for them to carry on their financing, and I am sure that he is simply indicating that this has universal appeal to all municipalities in the country. He will come to the point of the reduction in sales tax with respect to goods purchased by municipalities.

The Deputy Chairman: I will have to ask the hon. member to come to the point right away. I have allowed him a lot of leeway in building up to it but I now ask him to co-operate as much as possible with the chair and come to the point.

Mr. Bourque: The case has been very well put by the hon. member for Kenora-Rainy River and as this is nothing but closure I will sit down.

Mr. Badanai: Mr. Chairman, the resolution does not relate to the revenue of municipalities but it does relate to the removal of the excise tax on municipal purchases. In the list there is structural aluminum for bridges. I wonder whether the minister is aware that bridges constructed in municipalities are constructed with steel. Steel is largely used for the construction of bridges. I think there is an important omission there. I should like to have the minister's opinion and ask him whether he will not change his mind to include steel for the construction of bridges.

I also wish to express regret in the same way as has been done by my colleague that there is no provision in the resolution to abolish the excise tax on motor vehicles used by municipalities. It has been pointed out that municipalities use trucks in different departments performing various works and also motor cars for police departments. These are important purchases. The provision in the resolution takes care of a few items and the changes are welcome indeed. They are a help but they do not go far enough. I sincerely hope that the Minister of Finance will consider this matter and will bring in an amendment to include the purchase of such things as trucks and automobiles for police departments. These are important purchases involving the spending of a lot of money by municipalities.

There are other items purchased by municipalities which I think should be included in the resolution but which are entirely overlooked. Culverts are included as well as goods for use as part of sewage and drainage systems but I do not see anything here to cover the piping used by waterworks departments. There are other very important omissions that should be considered and I hope that the minister will give consideration to the matter. We appreciate the little that has been done but I think a lot more can be done on behalf of the poor, hard pressed municipalities.

Mr. Fleming (Eglinton): Yes, Mr. Chairman, but I draw the hon. gentleman's attention to the fact that here the government is doing something to aid the municipalities that the former government was not prepared to do. My hon. friend speaks about structural steel for bridges. Evidently he is not aware that it is already exempt.

Mr. Chevrier: By the former government.

Mr. Fleming (Eglinton): We are doing something here to remove the discrimination left by the former government against structural aluminum for bridges.

Mr. McIlraith: Because it was not used at that time. Don't you know that?

Mr. Fleming (Eglinton): I would expect that kind of remark from the hon. member for Ottawa West—

Mr. McIlraith: It is a fact.

Mr. Fleming (Eglinton): —who cannot help saying these things. We do not hold it against him. He cannot help it. The fact is that there is substantial benefit in this resolution so far as the municipalities are concerned.

Mr. Benidickson: How much in dollars?

Mr. Fleming (Eglinton): My hon. friend has been told frequently already that there is over $5 million of tax relief here but he has forgotten so often that I suppose it is permissible to remind him again.

Mr. Benidickson: Are you referring to this item?

Mr. Fleming (Eglinton): The purpose of this clause with respect to municipalities is to bring direct tax relief to them and the particular items selected for exemption here in the case of purchases by municipalities for their own use are items in every case for which there is justification for the exemption that we are recommending. We believe they are workable from the administrative point of view and they are sound in principle.

Mr. McIlraith: On the item of structural aluminum for bridges, I want to point out to the committee that the reason it is now in the resolution is that it is a new use for aluminum developed in the last few years. The principle has always been that structural steel and metal for the building of bridges have been exempt in the case of purchases by municipalities. The minister has been quite inadequate in giving the reason for this

change. Structural aluminum is a new material developed for this use and therefore this change is in accordance with the principle established by the previous government.

Mr. Fleming (Eglinton): The hon. gentleman has answered himself when he says it has been in use in the last few years.

Mr. Benidickson: May I just say that the minister himself advocated full exemption for municipalities and school boards in the past and I simply refer him to his own words on page 4375 of *Hansard* for June 2, 1955.

Mr. Fleming (Eglinton): Which the hon. gentleman and all of his party opposed.

Mr. Pickersgill: And which you are not doing.

Mr. Benidickson: This is a $1 million affair for 1958-59.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I ask the acting government leader what the business is for tomorrow.

Mr. Fleming (Eglinton): Mr. Speaker, the first item to be taken up tomorrow will be the bill arising out of the resolution standing in the name of the Minister of Agriculture on today's order paper respecting the Prairie Farm Assistance Act. The second one will be the item appearing as No. 11 on today's order paper, the bill arising out of the resolution.

Mr. Chevrier: May I interrupt at this point? Does the acting house leader mean item 12? He refers to the bill.

Mr. Fleming (Eglinton): I refer to the bill that was introduced today following approval of the resolution that appears as No. 12 on today's order paper. The second will be the bill that was introduced arising out of the passing of the resolution which is No. 11 on today's order paper, namely the bill respecting the Animal Contagious Diseases Act. Following those two bills, the house will turn to the estimates of the Department of Agriculture.

Mr. Chevrier: May I ask the minister whether he can give any indication of what the business will be on the following day, namely Thursday?

Mr. Fleming (Eglinton): Not yet.

Mr. Chevrier: May I remind the acting house leader that we on this side of the house expect a debate on external affairs on that day.

Mr. Fleming (Eglinton): Yes. The reminder is not necessary really, Mr. Speaker. My hon. friend is aware of what has been said in the house in recent days on that subject not only with regard to a possible debate but also with regard to other aspects of current international events.

Mr. Chevrier: That is true, Mr. Speaker. But on the other hand, because of the discussion which took place then, I think we on this side of the house were led to believe that a debate on external affairs would take place on that day and I hope it will be possible for the government to have such a discussion then.

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

ANSWERS TO QUESTIONS

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

SHIPPING SUBVENTIONS, B. C.—REPRESENTATIONS

Question No. 140—**Mr. Howard:**

1. Have any representations or requests been made to the government since June 1, 1957, asking for subventions for shipping on the coast of British Columbia?

2. If so, (a) from whom and upon what date was each representation made; (b) what subvention was asked in each case; (c) which routes was it asked that the subvention apply to; (d) what was the disposition in each case?

3. What subventions exist on the British Columbia coast at the present time?

Answer by: **Hon. George H. Hees (Minister of Transport):**

1. Yes.

2. (i) (a) Union Steamships Limited, July 2, 1957; (b) $510,891 per annum subsequently increased to $631,783 during later negotiations; (c) I. (A) Vancouver, Ocean Falls, Butedale, Kitimat, Prince Rupert, Stewart, Ford's Cove, Alice Arm, Kincolith, Port Simpson; fortnightly—year round; (B) Vancouver, Ocean Falls, Butedale, Kitimat, Prince Rupert, Masset, Port Clements and Shannon Bay; fortnightly—year round.

II. Vancouver, Englewood, Alert Bay, Port McNeil, Sointula, Port Hardy, Namu, Ocean Falls, South Bentinck Arm, Bella Coola; weekly—year round.

III. Vancouver, False Bay, Englewood, Beaver cove, Alert Bay, Port McNeil, Sointula, Port Hardy, Sullivan Bay, Simoon Sound, Minstrel Island; weekly—year round.

IV. Vancouver, Mansons Landing, Englewood, Alert Bay, Sointula, Port Hardy, Smiths Inlet Canneries, Duncanby Landing, Goose Bay Cannery, Wadhams (for R.I.C. and Kildala Canneries) Beaver Cannery, Namu, Bella Bella Cannery, New Bella Bella, Klemtu, Butedale and Kitimat; for period April 1 to September 30, 1957.

(d) Consequent upon failure of negotiations Union Steamships Limited withdrew from service in early January 1958 and subsidy was paid pro rata on the basis of $325,000 per annum as provided in the main estimates, 1957-58.

(ii) (a) In December 1957 negotiations were initiated with the Canadian Pacific Railway to maintain part of the services formerly operated by Union Steamships Limited; (b) the subvention requested for the remainder of the fiscal year was $82,400; (c) Vancouver to Stewart, calling at Alert Bay, Ocean Falls, Kitimat, Prince Rupert, Stewart, Alice Arm, Kincolith and Port Simpson with calls at

Klemtu and Butedale, if traffic warranted; (d) service as in (c) from January 7 to March 31, 1958, for a subvention of $82,400, and from April 1, 1958, to March 31, 1959, for a subvention of $194,500.

(iii) (a) Canadian Pacific Railway, December 19, 1957; (b) $100,000 per annum; (c) Vancouver and the west coast of Vancouver island; (d) Service as in (c) from April 1, 1958, to March 31, 1959, for a subvention of $100,000.

(iv) (a) Union Steamships Limited, January 21, 1958; (b) one year at $200,000 or five years at $150,000 per annum; (c) Vancouver to Bella Coola, calling at Campbell River, Beaver Cove, Alert Bay, Port McNeil, Sointula, Port Hardy, twice weekly; one voyage per week being extended to Namu, Ocean Falls and Bella Coola; (d) Application refused.

(v) (a) Northland Navigation Company Ltd. February 20, 1958; (b) $50,000 for one year; (c) Vancouver to Butedale, calling at Englewood, Sointula, Bella Coola, Ocean Falls, Campbell Island, Klemtu and Butedale; (d) service as in (c) from July 1, 1958, to June 30, 1959, for a subvention of $50,000. Actual commencement not now anticipated until mid-August.

(vi) (a) Widsten Marine Services Limited, March 14, 1958; (b) $24,000 per annum; (c) feeder service: Bella Coola to Ocean Falls, South Bentinck to Ocean Falls, Bella Bella to Ocean Falls; (d) further information requested. No reply received.

(vii) (a) Union Steamships Limited, June 27, 1958; (b) $2,700 per trip for duration of C.P.R. strike; (c) present Canadian Pacific Railway northern route between Prince Rupert and Stewart; (d) no decision yet.

3. The annual subventions now existing are: (a) Vancouver and northern B.C. ports: subvention to Canadian Pacific Railway, $194,500; (b) Vancouver and west coast of Vancouver island: subvention to Canadian Pacific Railway, $100,000; (c) Vancouver, Bella Coola and Butedale: subvention agreed for Northland Navigation Company Limited, $50,000 upon commencement of service.

AIRPORT SURVEYS, THETFORD MINES, QUE.

Question No. 141—**Mr. Roberge:**

1. Have technical surveys been made in the Thetford Mines district, county of Megantic, relating to the eventual construction of an airport?

2. If so, on what dates were the first and last surveys made?

Answer by: **Hon. George H. Hees (Minister of Transport):**

1. Yes.

2. January, 1955.

Questions

WHEAT BOARD SELLING AGENTS

Question No. 151—**Mr. Argue:**

1. What are the names of the grain firms and brokers which have acted as selling agents for the Canadian wheat board for the crop years 1955-56 and 1956-57 respectively?

2. What was the total quantity of wheat sold by each of these grain firms and brokers on behalf of the Canadian wheat board in each of the above crop years?

3. What was the total commission paid to each of these firms by the Canadian wheat board in each crop year above for the sale of wheat?

4. Which of these firms, if any, have made sales of wheat to China on behalf of the Canadian wheat board in each of the above crop years, and what was the quantity of wheat sold in each case?

5. In what city does each of these firms have its head office?

6. What is the method of determining what grain firms or brokers will act as selling agents for the Canadian wheat board?

7. Does the Canadian wheat board allow its selling agent to act on behalf of another company or to transfer its contract with the Canadian wheat board to another company?

8. If so, (a) were any firms acting on behalf of the Canadian wheat board involved in such arrangements during either of the crop years 1955-56 and 1956-57; (b) what were the names of the firms or brokers so involved, for what firm did they act, or to what firm had they transferred their contracts?

Answer by: **Hon. Gordon Churchill (Minister of Trade and Commerce):**

1. 1955-56 crop year—

Name of Company and Head Office:

The Agro Company of Canada, Limited, Montreal.

Bunge Corporation, Limited, Winnipeg.

Burrard Terminals, Limited, Vancouver.

The Canada Grain Export Company, Limited, Vancouver.

The Canadian Consolidated Grain Company Ltd., Winnipeg.

Cargill Grain Company, Limited, Winnipeg.

Continental Grain Company (Canada) Limited, Winnipeg.

Co-Operative Wholesale Society Limited, Vancouver.

East Asiatic Company (B.C.) Limited, Vancouver.

Federal Grain Limited, Winnipeg.

Folliott Grain Limited, Winnipeg.

Gauer Grain Company, Limited, Winnipeg.

The Grain Growers Export Company, Limited, Winnipeg.

Hall Bryah Limited, Vancouver.

Inter-Oceanic Commodities Limited, Winnipeg.

Lake of the Woods Milling Company, Limited, Montreal.

Leval and Company Incorporated, Winnipeg.

James McAnsh Limited, Vancouver.

McCabe Grain Company Limited, Winnipeg.

Maple Leaf Milling Company Limited, Toronto.

Milroy Grain Company, Limited, Vancouver.

National Grain Company, Limited, Winnipeg.

The Norris Grain Company, Limited, Winnipeg.

Northern Sales Limited, Winnipeg.

Northern Sales (B.C.) Limited, Vancouver.

The Ogilvie Flour Mills Company Limited, Montreal.

Parrish & Heimbecker Limited, Winnipeg.

Pethick Grain Limited, Winnipeg.

K. A. Powell (Canada) Limited, Winnipeg.

K. A. Powell (Pacific) Limited, Vancouver.

Ralli Brothers Limited, Winnipeg.

Range Grain Company, Limited, Winnipeg.

James Richardson and Sons, Limited, Winnipeg.

Robin Hood Flour Mills Limited, Moose-Jaw.

Saskatchewan Wheat Pool, Regina.

Scottish Co-Operative Wholesale Soc. Limited, Winnipeg.

Searle Grain Company, Limited, Winnipeg.

Smith Vincent & Company, Limited, Winnipeg.

K. B. Stoddart & Company, Limited, Winnipeg.

Toronto Elevators Limited, Toronto.

1956-1957 crop year—

The Agro Company of Canada Limited, Montreal.

Bunge Corporation Limited, Winnipeg.

Burrard Terminals Limited, Vancouver.

The Canada Grain Export Company Limited, Vancouver.

The Canadian Consolidated Grain Company Ltd., Winnipeg.

Cargill Grain Company, Limited, Winnipeg.

Continental Grain Company (Canada) Limited, Winnipeg.

Co-Operative Wholesale Society Limited, Vancouver.

The East Asiatic Company (B.C.) Limited, Vancouver.

Federal Grain Limited, Winnipeg.

Folliott Grain Limited, Winnipeg.

Gauer Grain Company Limited, Winnipeg.

The Grain Growers Export Company Limited, Winnipeg.

Hall Bryan Limited, Vancouver.

Lake of the Woods Milling Company, Limited, Montreal.

Leval and Company Incorporated, Winnipeg.

McCabe Grain Company, Limited, Winnipeg.

Maple Leaf Milling Company, Limited, Toronto.

Milroy Grain Company Limited, Vancouver.

National Grain Company Limited, Winnipeg.

The Norris Grain Company Limited, Winnipeg.

Northern Sales Limited, Winnipeg.
Northern Sales (B.C.) Limited, Vancouver.
North Atlantic Grain Company, Winnipeg.
The Ogilvie Flour Mills Company, Limited, Montreal.
Parrish & Heimbecker Limited, Winnipeg.
Pethick Grain Limited, Winnipeg.
K. A. Powell (Canada) Limited, Winnipeg.
K. A. Powell (Pacific) Limited, Vancouver.
Ralli Brothers Limited, Winnipeg.
Range Grain Company, Limited, Winnipeg.
James Richardson & Sons Limited, Winnipeg.
Robin Hood Flour Mills Limited, Moose-Jaw.
Saskatchewan Wheat Pool, Regina.
Scottish Co-Operative Wholesale Society Ltd., Winnipeg.
Searle Grain Company Limited, Winnipeg.
Smith Vincent & Company, Limited, Winnipeg.
K. B. Stoddart & Company, Limited, Winnipeg.
Toronto Elevators Limited, Toronto.
Tricerri Grain Corporation, Winnipeg.

(2) It is not the policy of the board to disclose the competitive position of shippers and exporters in their capacity as agents of the board.

(3) The Canadian wheat board does not pay any commission to its selling agent. The agent may include a commission which becomes a part of his selling price and is paid by the purchaser.

(4) No agents made sales of wheat to China on behalf of the Canadian wheat board during the crop years 1955-56 and 1956-57.

(5) See paragraph 1 above.

(6) The Canadian wheat board classifies its agents as to eastern agents and western agents. All eastern agents must have an office in Winnipeg and all western agents an office in Vancouver.

In addition to the above requirement, the Canadian wheat board, before granting an agency agreement, requires that: (a) The company is in good financial standing and is registered to do business in Canada; (b) eastern agents are members of the Winnipeg grain exchange and lake shippers clearance association and that western agents are members of the Vancouver grain exchange.

7. The Canadian wheat board does not permit an agent to transfer a contract that it has entered into with the board to another agent. An agent who has entered into a contract with the board may recall the wheat to another agent but the board looks to and holds the originating agent responsible for fulfilment of the contract.

8. See paragraph 7 above, and also, the Canadian wheat board does not have information in respect to wheat that may have been sold by one agent to another during the crop years 1955-56 and 1956-57.

PUBLIC SERVICE EMPLOYMENT STATISTICS

Question No. 157—**Mr. White:**

1. How many persons were employed in the civil service of Canada on January 1, (a) 1956; (b) 1957; (c) 1958?

2. What is the estimated increase for the year 1958?

Answer by: **Hon. Gordon Churchill (Minister of Trade and Commerce):**

1. (a), (b) and (c)

Employees in departmental branches, services and corporations (not including agency and proprietary corporations listed in parts C and D of the Financial Administration Act)

End of month	Salaried	Prevailing rate	Ships' officers and crews	Total	Casuals and others [1]
December, 1955	142,934	24,070	2,239	169,243	13,079
December, 1956	145,815	23,729	2,220	171,764	12,307
November, 1957 [2]	151,758	24,904	2,547	179,209	12,338

(1) Employees whose positions are not established by treasury board.
(2) Latest available.

2. Latest information available is for November 1957.

MARGARINE AND OTHER SPREADS STATISTICS

Question No. 158—**Mr. Deschatelets:**

1. Are records kept by the dominion bureau of statistics as to the number of pounds of margarine or similar spreads sold in the different provinces?

2. If so, how many pounds of margarine or similar spreads were sold in the province of Quebec, during the period from June 1, 1957 to June 1, 1958?

Answer by: **Hon. Gordon Churchill (Minister of Trade and Commerce):**

1. No, records kept are for production only.

2. Answered by No. 1 above.

HOUSE OF COMMONS

Wednesday, July 23, 1958

The house met at 2.30 p.m.

AGRICULTURE AND COLONIZATION

CONCURRENCE IN SECOND REPORT OF STANDING COMMITTEE

Mr. Hayden Stanton (Leeds) presented the second report of the standing committee on agriculture and colonization, and moved that the report be concurred in.

Motion agreed to.

HOUSE OF COMMONS

REPRESENTATION AT ANNUAL CONFERENCE OF INTERPARLIAMENTARY UNION

Mr. Speaker: I think I should perhaps advise the house that this parliament is being represented by parliamentary observers at the 47th annual conference of the interparliamentary union being held from July 24 to August 1 in Rio de Janeiro, and that the representative from the Commons is Mr. Broome of Vancouver South and, from the Senate, Senator Dessureault.

SHIPPING

BRITISH COLUMBIA—ANNOUNCEMENT OF LEGISLATION DEALING WITH STRIKE

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I have a statement to make, and at the same time I make a request to hon. members of the house to grant unanimous consent for the presentation tomorrow of a resolution and also a bill respecting the British Columbia steamship services strike.

The government has had under continuous consideration the endeavour to achieve a settlement of the strike which has tied up the British Columbia coast steamship services of the Canadian Pacific Railway since May 16 of this year. The situation has assumed urgency, and I can tell the house that in the last few days every possibility of a settlement has been exhausted. All that remains is for legislative action to be taken to provide a solution to a situation which has proven so difficult for the people of British Columbia, and in particular for those living on Vancouver island and the northern areas of British Columbia, and which has had such an adverse effect generally on the economy.

Ever since negotiations commenced last September for renewal of the various collective agreements involved the facilities of the Department of Labour have been at the disposal of the parties, and every effort has been made by the department and by the Minister of Labour to effect a settlement by conciliation and negotiation. Effective June 1, 1958, the company signed collective agreements covering four groups of employees represented by the brotherhood of railway and steamship clerks. Notwithstanding continued efforts by the department and the personal intervention of the Minister of Labour, it has not been possible to bring about any settlement between the company and the seafarers' international union, which had first taken strike action in May of this year. Meantime, on June 24 the two unions representing the officers had also notified the C.P.R. that they were declaring themselves on strike.

During most of the time the strike against the C.P.R. ships has been in effect some services in the coastal regions of British Columbia have been provided by the Black Ball ferries previously referred to. Since, however, the C.P.R. supplied the bulk of the services the Black Ball ships have been able to only partially fulfil the needs of the area, and increasing hardship and loss have been accruing to the residents of Vancouver island and other coastal points on the mainland of British Columbia. On Friday last the Black Ball ferry service was interrupted by strike action and conditions in the area reached a critical point, with certain essential supplies and services being almost entirely discontinued.

As I said a moment ago, every effort has been made to resolve the dispute by negotiation and also to have the parties renew negotiations on a voluntary basis. All these efforts have been unsuccessful, and for that reason other steps must now be taken. I am accordingly giving notice now of the intention to introduce legislation immediately to provide for the appointment of an administrator of the British Columbia coast steamship services for the resumption of operations and return to work under the administrator immediately after the legislation has passed, and for the continuation of operations under the administrator while the process of negotiation is resumed looking to a voluntary settlement. The powers of the administrator will continue until such time

as settlement is arrived at. A resolution has been drawn up and handed in and will appear in *Votes and Proceedings* tomorrow. That resolution will read as follows:

Resolved, that it is expedient to introduce a measure to provide for the resumption of the British Columbia coast steamship service operated by the Canadian Pacific Railway Company, including provisions for the appointment of an administrator to carry on all or any part of the said services, and for other related matters.

The bill will be printed and available for distribution tomorrow morning. The house will be asked—and that is the request I make under the circumstances—to give unanimous consent to taking up the resolution tomorrow, and as soon as it is adopted to proceed at once with consideration of the bill through all stages.

There was a tentative arrangement made that tomorrow the debate on external affairs would be proceeded with. However, in view of the present position, the adjournment without a set date on the part of the security council, I would suggest that the question to be considered could be postponed for another day and that this matter, so important to the economic life of the people of British Columbia, might receive the support of all hon. members in all parts of the house, to the end that without delay, following discussion, action may be taken to resolve, in so far as the people are concerned, a situation that is proving very difficult and trying and one of great discomfort, which in addition is causing severe damage to the tourist industry in that province.

If the house would agree I should be only too willing to fix any date as the day for the debate on external affairs. There is no indication that immediate action will be taken in New York, certainly not before the beginning of next week.

In making this request I do so because I believe it is of the essence that parliament be seized of this matter at once. We have made every effort and have met with no success. Indeed, there is no possibility of a settlement being arrived at which will make possible the resumption of the services unless parliament in its wisdom will act. I am not given to endeavouring to bring about changes in the legislative planning of the house or the planning of debates, but in this case I do make an appeal to hon. members to realize the situation that prevails and, to that end, make possible consideration tomorrow of this extremely important matter.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, we have listened with interest and concern to what the Prime Minister has just said. The house will recall that only yesterday the hon. member for Laurier and also the hon. member for Skeena asked questions with regard to the strike in British Columbia to which the Prime Minister has referred and the seriousness of which is apparent to us all. In replying to these questions only yesterday the Minister of Labour merely stated that—

—the government still has this matter under very serious consideration.

Therefore, Mr. Speaker, we would have been the more surprised, I think, at the announcement the Prime Minister has made so soon after these questions if we had not read in the press this morning the Canadian Press story—which is dated July 22—to the effect that—

Legislation for halting the west coast C.P.R. steamship tie-up will be brought before the federal cabinet tomorrow, it was learned late today.

Informants said it will involve passage of a back to work measure by parliament.

The situation, of course, Mr. Speaker, is serious, but I think we have to be equally serious as members of parliament about the way in which we approach this problem in order to resolve it. The Prime Minister has said that the strike began on May 16, 68 days ago, and the report of a conciliation board set up by the government to consider the strike was received, I believe, by the Minister of Labour on April 24. The matter has been before the government for a considerable time.

Some hon. members will recall that in 1950 parliament and the country were confronted with a grave transportation emergency owing to a railway strike which was national in scope, which if it had been allowed to continue would have had disastrous national results. This strike in British Columbia is equally serious in a sense for those who are directly concerned with it on Vancouver island and on the mainland, but it differs from the strike in 1950 in that that latter strike was national in scope as well as in character.

The house will no doubt recall that at that time in 1950 the prime minister of the day, almost within hours of the beginning of that strike, called parliament together in special session and introduced legislation to deal with that national emergency, as it undoubtedly was. At that time, on introduction of the legislation, the leader of the Conservative party quite rightly emphasized that even in an emergency there must be sufficient time for members of parliament to give consideration to the measure that was being introduced by the government. Mr. Drew said, as reported at page 3 of *Hansard* of August 29, 1950:

It is highly desirable that there be an opportunity for hon. members to examine the bill, and

that there be an explanation by the Prime Minister, and the Minister of Labour (Mr. Gregg), before hon. members are called upon to express an opinion upon the bill itself.

Later on Mr. Drew said, as reported at page 4 of *Hansard:*

I am certain that the bill will be dealt with much more expeditiously if we have it before us and have the explanation that will enable us to understand the intention of the government in presenting it.

If I remember right the prime minister of the day and the minister of labour did explain the purpose and nature of the action they were asking parliament to take, and the bill was before members who had an opportunity to consider it before debate took place. I suggest that the same procedure certainly should be adopted at this time. For that purpose and because we do not wish to delay the matter unduly, having regard to the right of parliament to give it adequate and informed consideration, I suggest that the Prime Minister should get unanimous consent at this time to introduce the resolution, that perhaps the resolution could be passed at once and the bill then printed and, as the Prime Minister has suggested, be distributed to members sometime tomorrow morning.

But I also suggest that we should not proceed to deal with it immediately in the afternoon, as there certainly would be very little opportunity to consider the bill, but that we should proceed to deal with it on Friday morning. This does not seem to me to represent unnecessary delay, and such a procedure would have the additional advantage of enabling us to proceed with the debate on external affairs which had been contemplated for tomorrow. While it may well be, as the Prime Minister has said, that the security council has adjourned and there will be no immediate decision taken in New York with respect to the Middle East situation, nevertheless that situation remains tense and dangerous, and I think the time has come when we should be given the opportunity in a full dress debate in parliament to state our views with regard to it.

I think the opposition, and it is quite right that it should, has attempted to be cooperative in this matter with regard to procedure. There have been very good reasons for postponing the debate and we have accepted them, but I would hope that the debate could go ahead tomorrow, because that would also give us a few extra hours to study the legislation that is to be brought forward. I think, as Mr. Drew thought in 1950 with respect to an emergency even greater in its nature, that the opportunity to give the legislation that kind of study will not delay the bill more than a few hours and will ensure that all members of parliament can discuss it in an intelligent and informed way. I therefore make that suggestion to the Prime Minister.

Mr. Frank Howard (Skeena): Mr. Speaker, I have no intention of making a lengthy statement with respect to this matter, for I am sure all hon. members and the people of the country are aware of our sincere interest with respect to the situation on the west coast. With regard to agreeing to the introduction of the resolution and the bill without notice in order that the house may deal with the legislation at the earliest possible moment, we have no objection to that either. We regret, however, that it has taken the government such a long, long time to deal with the situation. We have kept a very close watch on developments over the past weeks, and know the hardships that have been caused the employees involved and the general public.

We feel that while the approach of arranging for an administrator to operate the steamship line may bring relief to some quarters, nevertheless it only deals with the immediate problem and can do relatively little to solve the longer range and more important aspects of coastal shipping. The government would have merited extreme commendation if it had dealt with coastal shipping problems some months ago. It would still receive accolades from all parts of the country if it would consider dealing with passenger and other shipping facilities from the point of view of providing a service to the general public and to our economy.

Mr. Diefenbaker: Mr. Speaker, may I say just one word in connection with the remarks of the Leader of the Opposition. What I was asking for was expedited action in order to meet the situation. In 1950, as I recall, there was no resolution. There was simply a bill introduced, and at the time the request was made by the then leader of the Conservative party there was no bill available. In the present case it is necessary to introduce a resolution. At the resolution stage the fullest information will be available so that, in so far as the bill itself is concerned, after discussion has taken place at the resolution stage the house and the country will have every bit of information that will be available on the bill.

I am, naturally, in the hands of the house. If the house does not give consent then of course I must proceed in the ordinary way. This may mean very well that we will not be in a position to act before the beginning of the week. After all, once the discussion

gets under way, if we started tomorrow and took even two days we would be able to get passage, if the bill is acceptable to the house, by Saturday. Then the legislation could be sent over to the other place, and if acceptable to the other place there could be a resumption of service by Saturday.

However, if the Leader of the Opposition takes the view he does, and does not feel like altering that view, I can only say that it may very well be that there may not be any legislation passed during the present week. Monday is private members' day. I simply point out these facts. If, however, unanimous consent is not forthcoming, then all we will be able to do is introduce the resolution and go no further.

Hon. Lionel Chevrier (Laurier): May I add one word to what has already been said by the Leader of the Opposition. The Prime Minister stated that he is anxious to expedite this legislation, and has made a suggestion upon which the Leader of the Opposition has commented. What I am saying now is in support of what the Leader of the Opposition has said, that we are willing to go even farther than the Prime Minister has asked by consenting to the passage of the resolution now. Once the resolution has passed we will then be in a position to have the bill before us and will be able to consider the bill on Thursday, at which time the debate on external affairs could take place.

Under those circumstances we could not, by any stretch of the imagination, be holding up the legislation at all. We are anxious to assist the passage of this legislation in view of the urgency to which the Prime Minister has referred. If the resolution is not passed until tomorrow, and we get the bill after the passage of the resolution, we will then be in the stage of committee of the whole and may not have, at that time, the opportunity to which I think the opposition is entitled, to consider the bill as we should.

In effect we are saying, upon the suggestion put before us by the Prime Minister, that we consent to the passage of the resolution at once so that we may have the bill before us and ascertain what the contents of the bill are. We are, we think, entitled to know what the powers of the administrator are going to be and what the terms of the resumption of service are. All these things must be given consideration, and it strikes me that if we had that information by getting the bill today we would then be in a position to ponder upon it until tomorrow and the bill would move much faster through the various stages.

Mr. Pearson: May I ask your guidance on a point of order, Mr. Speaker?

[Mr. Diefenbaker.]

We have agreed, as my hon. friend has said, to the introduction by unanimous consent of the resolution and the passage of that resolution through this house this afternoon. Am I right in thinking that once we have given that unanimous consent it is then within the rights of the government, if it so desires, to proceed with the bill after 24 hours. Do they not have that right once we give unanimous consent to the introduction of the resolution? We are not interfering with that right, but we suggest to the government that in its exercise they should print the bill, give us a chance to see it tomorrow morning, and not begin the debate until Friday morning, instead of Thursday morning. Nevertheless, if they feel they must go ahead with it tomorrow, once we have given unanimous consent to the introduction of the resolution today and its passage through its various stages today, then that is their responsibility.

Mr. Diefenbaker: In order to be perfectly clear, Mr. Speaker, if I introduce the resolution now it will be with the consent of the house. Then, according to the Leader of the Opposition, if the government chooses to go ahead with the bill tomorrow it will be in order to do so, and that being so we are back in the position where we started. My request was simply—

Some hon. Members: No.

Mr. Diefenbaker: Oh, I realize the reason for the dissent at the moment. A few minutes ago there was no dissent but now there is a suggestion that it is not in keeping with the consent for which I have asked. Therefore I ask leave to introduce the resolution; the bill will be available tomorrow morning, and we will be in a position to go ahead with the debate tomorrow, as suggested by the Leader of the Opposition.

Mr. Speaker: In dealing with the discussions and the questions raised it seems to me that to accomplish what is suggested it would be necessary for the house to make an order giving unanimous consent to the introduction of the resolution, the passage of the resolution and the introduction of the bill without discussion, so the bill would then stand on the order paper for second reading tomorrow.

Mr. Pearson: Mr. Speaker, on a question of privilege, the Prime Minister has stated that I have changed my position on my second intervention. With great respect, I did not do that at all. I said at the very beginning of my remarks that we were quite agreeable to the introduction of the resolution, and then we asked the government, through the Prime Minister, to print the bill so those of us on this side of the house might have a chance to see the bill and study it before

it is discussed on Friday morning. But the Prime Minister feels that he must proceed with the bill tomorrow afternoon immediately after it has been printed and circulated. Once having given consent to the introduction of the resolution at this time—and this is what I said at the very beginning—we must go along with that procedure, but it is the responsibility of the government if they choose to follow it.

Mr. Speaker: Do I understand the Prime Minister is now asking for unanimous consent to introduce the resolution at this time, to pass the resolution and to introduce the bill, so the bill will then be on the order paper for tomorrow and will, presumably, be printed and available to hon. members in the morning?

As I understand the matter, if it is dealt with in this way by unanimous consent we will in effect leap-frog the committee stage and introduce the bill all at one time now, so what I am proposing to the house is that it give unanimous consent to an order giving permission to the Prime Minister to introduce the resolution which he has read, to an order passing the resolution, reporting the resolution and to an order giving leave to introduce a bill based on the resolution, all in one order, so that on the order paper we will then have the second reading of the bill.

Mr. Chevrier: Second reading of the bill.

Mr. Speaker: Does the house give unanimous consent to the order I have outlined?

Some hon. Members: Agreed.

WATER RESOURCES

MANITOBA—ANNOUNCEMENT OF COMPLETION OF ENGINEERING SURVEY

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, I am pleased to advise the house that the board of engineers appointed on behalf of the government of Canada and the government of Manitoba to make a survey and report on lake Winnipeg and lake Manitoba and the resources of waters within Manitoba flowing into and from the said lakes under terms of reference dated July 5, 1956, has completed its assignment.

The covering report entitled "Report on Measures for Control of the Waters of Lakes Winnipeg and Manitoba, Province of Manitoba", comprising three volumes, will be tabled as soon as additional copies are available. I will also be pleased to provide copies to those members of the house representing Manitoba ridings and to those members who desire to review the report in detail.

Mr. Pickersgill: I wonder if I might ask the minister if this report is available in French?

Mr. Hamilton (Qu'Appelle): Not yet, Mr. Speaker.

STARRED QUESTION

WALTER MITCHELL

Question No. 30—**Mr. Chevrier:**

1. Was Walter Mitchell, of the city of Montreal, an employee of the Department of Agriculture at the port of Montreal?
2. If so, in what capacity and for how long?
3. Was he dismissed from his employment?
4. If so, for what reason and on whose recommendation?

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, the answers to the questions are as follows:

1. Yes.

2. As a casual checker and fumigator during the open period of the port of Montreal, from 1936 to 1940 and from 1946 to June 14, 1958.

3. Yes.

4. I received complaints that this man had been an active political organizer for the hon. member for Laurier during the last two elections. Later I received information that on November 29, 1957, Walter Mitchell was found to be in possession of contraband liquor and a quantity of contraband United States cigarettes which he had obtained, by his own admission, during his employment as a casual checker and fumigator with the department, from ships in the Montreal harbour. This, of course, is conduct which we cannot countenance, and as a result I ordered his release.

Some hon. Members: Hear, hear.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, on a question of privilege, may I say many of these statements are totally inaccurate, with which I will have an opportunity to deal on the minister's estimates.

Mr. Harkness: Mr. Speaker, on the question of privilege, these are accurate statements—

Some hon. Members: Order.

Mr. Harkness: The hon. member has said they are not accurate statements. I guarantee they are accurate statements, and I would suggest—

Some hon. Members: Hear, hear.

Mr. Speaker: I think the debate on this matter had better be deferred.

Mr. Harkness: I would suggest the hon. member be more careful in his political associations.

Inquiries of the Ministry

Some hon. Members: Order.

Mr. Chevrier: You will hear about it later.

BUSINESS OF THE HOUSE

REQUEST FOR EXTERNAL AFFAIRS DEBATE

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, in view of the fact that tomorrow we will be discussing not external affairs but a bill to bring to an end a shipping strike, so we are informed, and in view of the fact that this debate may continue beyond Thursday, would the Prime Minister give some indication now as to when the discussion on the international situation will take place?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I should be very happy to see it take place as soon as we conclude the debate on the bill respecting the steamship strike. I cannot say how long the debate on the strike situation will take, but whenever it concludes we will be in a position to go ahead immediately.

HEALTH AND WELFARE

CIGARETTES—SUGGESTED LISTING OF TAR AND NICOTINE CONTENT

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, as an ancient member of the Maple Leaf pipe smoking club, and because of my concern for the health of cigarette smokers, particularly the ladies, I wish to address a question to the Minister of National Health and Welfare.

In view of the fact that the federal trade commission of the United States is giving consideration to amendment of the law to require cigarette manufacturers to list the tar and nicotine content of cigarettes on their packages in order that the public may be able to assess correctly the differences in this respect between various brands, would the minister inform the house if consideration is being given to the enactment of similar legislation for the information and protection of Canadian consumers?

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Speaker, I should like to thank the hon. member for having given me notice of his intention to ask this question. While I have not previously been aware of this suggestion, I can assure the hon. member that the government would watch such a development with keen interest.

Hon. Paul Martin (Essex East): Has the minister given any consideration as to the constitutional right of parliament or of the government of Canada in this matter? This is, of course, altogether apart from the question of whether or not this is desirable.

Mr. Monteith (Perth): No, I have not, Mr. Speaker, purely because, as I mentioned a moment ago, this is the first time this has been brought to my attention.

INCOME TAX

ADJUSTMENT PAYMENTS ON CONVERSION BONDS

On the orders of the day:

Mr. L. R. Crouse (Queens-Lunenburg): Mr. Speaker, may I direct a question to the Minister of National Revenue. Is the adjustment payment made to bondholders on reconversion subject to income tax?

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, this adjustment payment to bondholders on reconversion has an element of interest in it; that is, part of the payment involves interest which has accrued on the bond. Another part is entirely independent of the interest. In so far as the interest element is concerned, that is taxable in the hands of the holder of the bond, who in fact will be required when he surrenders the bond for conversion to sign an ownership certificate indicating the proportion of interest which has accrued thereon.

I may say that these ownership certificates are forwarded to the Department of National Revenue, so that all persons receiving this interest must report it in their income tax returns for the year 1958, the returns they will file next spring. The balance of the adjustment payment is not taxable; in other words it is tax free in the hands of the recipient.

[*Later:*]

Perhaps I should qualify that answer in one respect. What I said a moment ago applies to the ordinary holders of bonds throughout the country, but there may be cases where people deal exclusively in bonds, thereby earning an income therefrom, and these may be placed in a different category from that of the ordinary bondholders in Canada.

DOMINION-PROVINCIAL RELATIONS

NEWFOUNDLAND—INQUIRY AS TO REPORT OF ROYAL COMMISSION ON REVISION OF TERMS OF UNION

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): May I ask the Prime Minister if he has yet reached a conclusion as to when he will be able to table the report of the royal commission on the revision of terms of union?

Right Hon. J. G. Diefenbaker (Prime Minister): I can only say that if there is any further considerable delay I will table the report in English and, as I indicated earlier, before doing so I will see that a copy is delivered to the premier of Newfoundland. As a matter of fact this afternoon I will make inquiries in this connection, and if it appears that there is going to be any further appreciable delay in the printing I will try to get a letter away to the premier of Newfoundland for tomorrow so as to be in a position to table the report in the house as soon as it has been received in Newfoundland.

Mr. Alexis Caron (Hull): Mr. Speaker, I wish to direct a question to the Prime Minister. We have noticed that a number of reports have been published in English but that the French publication has been quite late in reaching our hands. Could the Prime Minister make inquiries to see why it is that the French translation often comes so late, and endeavour to remedy this situation?

Mr. Diefenbaker: I think it has been the experience over the years that there is in almost every case a longer period taken to provide the French translations and texts, and finally the printing, than has been the case in the production of the documents in the English language. I will certainly look into this to the end that any difficulty in this connection may be removed if at all possible.

EXTERNAL AFFAIRS

MIDDLE EAST—INQUIRY AS TO CANADIAN OBSERVERS

On the orders of the day:

Hon. Paul Martin (Essex East): May I address a question to the Prime Minister with regard to the request of the Secretary General of the United Nations for additional observers. The Prime Minister indicated yesterday that three additional Canadian observers had been sent. Was Canada asked to send only three observers; and could he now indicate whether or not a further request for observers has been made?

Right Hon. J. G. Diefenbaker (Prime Minister): When I advised the house yesterday that three additional observers had been provided for, that was the number which was requested. There has been no further request as far as I know. The Secretary of State for External Affairs was held up in New York this morning by the late departure of his aircraft, and he only arrived in Ottawa a short time ago. My information at the moment is subject, of course, to conference with him, but no other request has been brought to my attention.

Inquiries of the Ministry

COMBINES INVESTIGATION ACT

SUGAR—REPORT ON INDUSTRY IN WESTERN CANADA

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I wish to direct a question to the Minister of Justice. I wonder if the minister could indicate whether any legal action is contemplated as a result of the report of the restrictive trade practices commission regarding the sugar industry in western Canada, which has been public knowledge for some time?

Hon. E. D. Fulton (Minister of Justice): Yes, Mr. Speaker, a decision has been taken in that regard, but I am not quite sure whether counsel has been retained. I should prefer to look into the matter before I make a definite announcement.

LABOUR CONDITIONS

UNEMPLOYMENT—STATEMENT ON ALLEGED DISCREPANCY IN FIGURES

On the orders of the day:

Hon. Michael Starr (Minister of Labour): Mr. Speaker, yesterday the hon. member for Bonavista-Twillingate drew my attention to what he termed a discrepancy between the figures of the dominion bureau of statistics and the national employment service, and he was concerned by the fact that the discrepancy for June was approximately 200,000 while at the same time last year it was only 100,000.

The answer to this, on investigation, is that on a percentage basis and taking into consideration the fact that all these sets of figures are larger this year than last year, the percentage of the discrepancy is, I would say, almost identical with that at the same time last year.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Nevertheless, does the minister feel that there should be a doubling of what we both call the discrepancy? It has always been understood in the past that this discrepancy was about 100,000 whether unemployment was high or low. It seems to me that the discrepancy has widened.

Mr. Starr: I think the gap to which the hon. member refers is partly due to the fact that seasonal benefit claims were still being processed at that time this year, and were not being processed at the same time last year.

Mr. Pickersgill: I wonder if I might ask the Minister of Trade and Commerce whether any changes have been made in the sampling procedures for arriving at the dominion bureau of statistics figures?

Inquiries of the Ministry

Hon. Gordon Churchill (Minister of Trade and Commerce): I will take that question as notice.

NICKEL—REPORTED CUT IN WORK WEEK

On the orders of the day:

Mr. O. J. Godin (Nickel Belt): Mr. Speaker, I wish to direct a question to the Prime Minister. Has the Prime Minister received from the municipal corporation of the united townships of Neelon and Garson a request to take immediate action to alleviate the present crisis in the nickel mining industry in northern Ontario where operations have been cut down to four days a week? If so, what action has been taken or is contemplated concerning this crucial problem?

Right Hon. J. G. Diefenbaker (Prime Minister): Without notice it would be impossible to give a full answer to the question. In so far as the nickel industry is concerned, there has been a situation developing in the last year and a half or two years detrimental to the export of nickel. This was one of the matters which was discussed during the recent visit of the President of the United States.

All I can say at this time is that full representations have been made to the end that the United States realizes the effects on the Canadian industry. May I add that recently I met a delegation representative of the nickel producers, who placed before me at considerable length their views and suggestions, and these views and suggestions are receiving the attention of the government.

CANADIAN BROADCASTING CORPORATION

REFERENCE TO REPORTED ACTION OF PRIME MINISTER

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I should like to direct a question to the Prime Minister. I wonder if the attention of the right hon. gentleman has been drawn to a newspaper account in yesterday's Ottawa *Citizen* in which it was mentioned that during a C.B.C. telecast the right hon. gentleman had placed the jobs of a number of C.B.C. employees in jeopardy. If that has been drawn to his attention, would he care to comment upon it?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, if I were to endeavour to answer all the speculative articles that appear I would be kept busy and have no time for anything else. I seem to recall that there was an epigram on the wall of Abraham Lincoln which read something like this: If I were to endeavour to answer all the attacks that are made on me and all the speculative stories that are spoken about me, this shop might as well be closed.

Certainly there is no foundation for any suggestion that I have anything to do with the jobs of employees of the Canadian Broadcasting Corporation.

CANADIAN PACIFIC STEAMSHIPS

BRITISH COLUMBIA—LEGISLATION PROVIDING FOR APPOINTMENT OF ADMINISTRATOR

Right Hon. J. G. Diefenbaker (Prime Minister) moved that the house go into committee to consider the following resolution, which has been recommended to the house by His Excellency:

That it is expedient to introduce a measure to provide for the resumption of the British Columbia coast steamship service operated by the Canadian Pacific Railway Company, including provisions for the appointment of an administrator to carry on all or any part of the said services, and for other related matters.

Motion agreed to and the house went into committee, Mr. Rea in the chair.

Mr. Pearson: Mr. Chairman, we do not intend to hold up this resolution, of course, but I should like to ask the Prime Minister two questions. The first relates to something he mentioned in his earlier statement but perhaps not in sufficient detail. When are we likely to get the bill if in fact the government wishes to proceed with its consideration tomorrow afternoon? Second, would the Minister of Labour do what I think the minister of labour did in 1950 on the occasion of the railway strike, and explain to the house in as much detail as possible what will be in the bill following the remarks of the Prime Minister. This was the procedure adopted in 1950.

Mr. Diefenbaker: In so far as the bill is concerned, Mr. Chairman, it will be available first thing tomorrow morning. It will be printed tonight. I could furnish the Leader of the Opposition as well as the representative of the C.C.F. with a mimeographed copy, and the bill itself will be printed this evening and made available tomorrow morning.

Mr. Chevrier: Mr. Chairman, may I ask whether or not the bill will be in our boxes in the morning?

Mr. Diefenbaker: That is the intention.

Mr. Pearson: I thank the Prime Minister for his statement. It would be convenient for us if I could have a mimeographed copy of the bill any time this evening. I had a second question. Could the Minister of Labour add anything to what the Prime Minister has

already said this afternoon about the action the government proposes to take, and its form?

Mr. Starr: Mr. Chairman, before I do that may I refer to the fact that in speaking this afternoon on the proposal of the Prime Minister to introduce this resolution with the unanimous consent of the house, the Leader of the Opposition and also the hon. member for Skeena suggested that this government had not moved in this matter with sufficient speed, and had allowed a long period of time to elapse before finally deciding to take action. For the information of these hon. gentlemen I should like to briefly outline the history of this development. Probably in making their remarks this afternoon the hon. gentlemen lacked full knowledge of what has transpired throughout the course of this dispute.

On July 29, 1957, the Minister of Labour appointed a conciliation officer to mediate this dispute and meetings were held with representatives of the parties on August 1, 12, 13, 16 and 28. On August 30 the conciliation officer reported that he was not able to bring the parties to an amicable agreement and recommended the appointment of a conciliation board.

A conciliation board was appointed which sat for many days, heard the evidence and brought in three separate reports. The chairman recommended 25 per cent, the employee nominee recommended 31 per cent and the employer nominee recommended 17 per cent. This was rejected. The board conducted further negotiations on its own.

In the end we appointed a commissioner of inquiry, a man of high reputation for many years in these disputes, who spent close to five weeks presenting formulas of various kinds to both parties in order to bring about a settlement, but he failed in this. Eventually he recommended the form of arbitration. Immediately upon receiving his recommendation the Minister of Labour contacted all parties concerned to see if the recommendation was acceptable to them.

Mr. Martin (Essex East): You are referring to the commissioner from Toronto, whose name I have forgotten?

Mr. Starr: Mr. Taylor.

Mr. Martin (Essex East): Yes, Mr. Eric Taylor.

Mr. Starr: We received acquiescence from all the parties to proceed on the basis recommended by the commissioner of inquiry with the exception of the seafarers' international union, which rejected any form of arbitration. We then proceeded to call both parties to Ottawa in the hope that I would be able to put forth some other formula that might be acceptable, and to afford an opportunity to the parties to present a formula that would be acceptable to the other party. Two meetings were held in Ottawa on July 7 and again on July 10. On July 10 we brought together the major principals of the dispute without any conclusion being reached.

Since those two meetings we have been in direct communication by telephone and other means with both parties, endeavouring to bring about some solution to this problem. I say this, Mr. Chairman, in order to inform the committee that every effort and indeed a continuous one has been made by the Department of Labour to bring about a solution.

As far as the bill is concerned and the request of the Leader of the Opposition for an outline of it, I think I will leave it to the Prime Minister, who has asked for the introduction of this bill, to outline its various aspects.

Mr. Martin (Essex East): Can the minister tell us how many days these men have been out?

Mr. Starr: They have been out since the strike began on May 16.

Mr. Chevrier: Mr. Chairman, if I understood the reading of the resolution correctly it contains three parts: first, the resumption of the services of the Pacific coast steamships; second, the appointment of an administrator; and third, other related matters. I wonder whether the Prime Minister or the Minister of Labour could throw some light on these three parts of the resolution.

What I am directing my attention to at the moment is, in what form is it intended to suggest, direct or order the resumption of services? Next, what will be the duties of the administrator and what will be his functions? Will he have jurisdiction to get the parties together and will he be given a certain time in which to do that, or will there be no such time? Will the legislation resemble the legislation to which the Leader of the Opposition referred earlier? Finally, what are the other related matters that are mentioned in the legislation?

Mr. Diefenbaker: Mr. Chairman, with respect to the three phases of the matter referred to by the hon. member for Laurier, of which the first was the appointment of an administrator, the administrator is to be appointed by the governor in council to carry on all or any part of the business of the steamship company. He will be regarded as an agent of the steamship company for the purpose of carrying on its business. Forthwith upon his appointment he will carry on

the business of the steamship company which was suspended by reason of the strike, and every employee who is now on strike will be required to resume his duties or his employment with the steamship company.

As soon as the ships are put in operation there will be a direction that the steamship company and each union shall forthwith enter into negotiations with a view to settlement of any matters in dispute between them at the present time, and the authority of the administrator to carry on the business of the steamship company shall continue until a new collective agreement is concluded or until his appointment is terminated by the governor in council.

In order to secure the operation of the ships there will be a provision to the effect that the employees shall go back to work and that in general the negotiations shall continue with a view to determining, by the necessary operation of bargaining the questions still in dispute as between the S.I.U. particularly and the steamship company. I think that in general represents a summary.

There will, of course, have to be provision made for the assumption by the administrator of the full authority of the Canadian Pacific Railway Company in operating the steamship company.

Mr. Chevrier: Is it contemplated to appoint an officer of the railway company to act as administrator?

Mr. Diefenbaker: That has not been finally determined but is the subject of consideration. There are considerations on both sides, but I would feel that in general the administrator should be someone with considerable administrative business experience in a governmental sense, and also with knowledge of the problems of the operation of steamships and the like.

Mr. Chevrier: Under what authority is this legislation being introduced?

Mr. Diefenbaker: I am not quite sure what the hon. gentleman means.

Mr. Chevrier: What I mean is this. By virtue of what provision of the constitution in the legislation being introduced?

Mr. Diefenbaker: It is because of the fact that the Canadian Pacific Railway Company is involved, and it is a company under national jurisdiction.

Mr. Chevrier: I take it from what the Prime Minister said that there will be a provision in this legislation requiring the employees to go back to work. What would happen in case they did not obey the direction of parliament? Is there a clause to cover that situation?

[Mr. Diefenbaker.]

Mr. Diefenbaker: As the hon. gentleman knows, there is general provision that any infraction of a statute passed by parliament is subject to a general penalty.

Mr. Pearson: Mr. Chairman, may I ask two questions which I think are pertinent. In view of the fact that the legislation proposed under this resolution does provide for compulsory operation of the ships my first question is, what is the basis under which the men would return to work, the contractual basis, wages, conditions, benefits, and all that sort of thing? My second question is, in view of the action which is proposed, was there any previous intimation given to the parties concerned that the government had the intention of introducing legislation of this kind?

Mr. Diefenbaker: With respect to the second question, may I say that during the negotiations every consideration had been given to bring about a determination of the unsatisfactory situation, and I think it was made very clear that unless some amicable agreement was arrived at it would be necessary for the parliament of Canada to act; that public security and maintenance of a proper regard for the rights of others would demand the introduction of such legislation.

I may say that in taking this course we are following the suggestion we made on August 30, 1950, when the Maintenance of Railway Operation Act was before the House of Commons and the leader of the Conservative party moved an amendment, seconded by the hon. member for Hamilton West, as follows:

> That Bill No. 1 be not now read the second time but that in the opinion of this house consideration should be given to a measure which would provide for the appointment of a national administrator to ensure immediate operation of the railways pending final solution of the dispute by the free process of collective bargaining.

It is consonant with the viewpoint thus expressed that we proceeded as we have in the resolution and as we intend to proceed in the bill.

Mr. Pearson: May I ask the Prime Minister what action the government would propose to take if the free process of collective bargaining does not work out effectively under this administration of the steamship company. Under the 1950 procedure, if I remember correctly, provision was made to deal with an emergency under which operation of the railway could not be carried on. The particular contingency of a deadlock could not have arisen under the earlier legislation. May I ask the Prime Minister what the government proposes to do in case of a possible deadlock, if the administrator

is not able to operate the shipping company because the processes of collective bargaining have not worked out effectively?

Mr. Diefenbaker: In 1950, of course, provision was made for compulsory arbitration under the legislation, and we opposed that at that time. On this occasion we simply make provision to get the men back to work and the ships in operation. If we get the ships in operation I believe we will have achieved the first major step. If other eventualities arise, and I am not here for the purpose of trying to envisage what the possibilities might be, then in that case, of course, we will be placed in a position where, if other action is necessary, it may be taken at that time.

The immediate purpose, the immediate aim and the immediate desire, I believe, not only of members of the house but generally is to bring about the restoration of the operation of these ships. Having done that, I feel that the negotiations that have been continuing will have renewed hopes of success.

Mr. Martin (Essex East): May I ask the Minister of Labour, who was seized with these negotiations more directly, I suppose, than the Prime Minister, when it was intimated to the parties to the dispute that the government would give consideration to the course it is now following. When was that information given? Was it given as late as yesterday?

Mr. Starr: During the discussions we did not give any intimation that any action would be taken, but we did point out that if the parties did not arrive at a solution themselves action would have to be taken to bring about the resumption of this vital service, because it is a public utility upon which so many people on Vancouver island depend. We did discuss certain aspects of the bill with the parties concerned yesterday.

Mr. Martin (Essex East): Could the minister tell me when he did give information in the form in which he said it was given, a form which, if I understood the Prime Minister correctly, was not exactly as the Minister of Labour has just indicated?

Mr. Starr: No.

Mr. Martin (Essex East): My question is, can the minister say when information was given as to possible action by the government?

Mr. Starr: This particular action was discussed last night in all aspects with one of the parties interested.

Mr. Howard: I have been trying to get in on this discussion so perhaps between us we may find the answers. With respect to the discussions between officials of the government or the Minister of Labour and one or both of the parties regarding the proposal to appoint an administrator to operate the ships, which proposal will be contained in the bill, were there any negotiations between either of the parties and the minister about the conditions surrounding the appointment of an administrator? In the event of the appointment of an administrator, did either of the parties indicate that this would be acceptable or not acceptable if certain other conditions were met? Was there any discussion of this nature? I am trying to determine whether, if the question was discussed, it was discussed at some length or expanded upon.

Mr. Starr: We explored every avenue and had discussions with both parties about the possibilities of legislation at this time in order to see whether certain things were not acceptable for the purpose of resuming operations on the west coast. These discussions have been going on for several days now with one or other of the parties.

Mr. Howard: Discussions took place, but what I am trying to determine is whether there was an expansion or exploration of different ideas that would hinge upon the appointment of an administrator. Was there any discussion that centred around that sort of thing with one or both of the parties? Apparently the intent of the government was to find a solution mutually acceptable by each party to the dispute, which would probably be the most advantageous thing to do; but in attempting to reach mutual understanding or acceptability by the two parties was there any expansion on the idea of an administrator and any other matters discussed in relation to it?

Mr. Starr: Every aspect of the bill was discussed fully with both parties confidentially in the light of the desire on the part of the government to bring about a measure that would be acceptable to both sides to the dispute.

Mr. Howard: May I ask one further question. The minister used the word "confidentially". Am I to take it from this that he is not able to discuss the trend or import of the discussions?

Mr. Starr: We discussed every aspect of the bill that will be presented to parliament, but I do not feel that I can disclose the details or exact wording of our discussions.

Mr. Howard: All right; we will let that one ride. There are one or two other questions I have in mind apart from the matter we have

just discussed. Has the government any particular person in mind? I realize that this question was answered to some extent a little while ago, but has the government any particular person in mind who might act as administrator?

Mr. Starr: Yes, the government has a person in mind, but no definite decision has been made that he will act in this capacity.

Mr. Howard: Has this individual been approached and is it merely a question of awaiting his reply as to whether or not he will accept? Is that the hold-up?

Mr. Starr: Yes.

Mr. Pearson: I should like to look ahead a bit and ask the minister a question as to how this new operation, which we all hope will not have to be carried on for very long, is to be conducted. On what basis will the administrator get people to run his ships? What inducements will he offer them in the way of wages, working conditions, other benefits and so on? If he has to offer them the salary scale and working conditions against which they are now striking, how is the administrator going to get these people back to work under the old conditions against which they have been striking now for four months? If the administrator offers better conditions, and he reaches the point where he has to offer the conditions which they have put forward as strikers and are asking for now, what will be the purpose in turning the shipping company over to the administrator?

Mr. Starr: As I mentioned earlier, there has been an agreement signed between Canadian Pacific Steamships, west coast division, and the stewards union on the basis of an 8 per cent increase. The purpose of the bill is to provide for the resumption of work under the administrator by all employees on the same basis of an 8 per cent increase. All employees going back to work will have an increase of 8 per cent from the time the service is resumed.

Mr. Pearson: They go back to work, in other words, at a higher wage level than they had when they struck?

Mr. Starr: Yes.

Mr. Pearson: May I ask the minister this. Is it true, as reported, that the Canadian Pacific has already disposed of two of their ten ships? Does the minister feel the Canadian Pacific has any obligation to maintain service between the mainland and Vancouver island if the strike is settled?

Mr. Starr: I have heard that the Canadian Pacific disposed of two of their ships. My answer to the second part is that I feel they have an obligation.

Mr. Martin (Essex East): A legal obligation?

Mr. Howard: I gather that this settlement is not to follow the same pattern as that which was followed by British Columbia with respect to the Black Ball ferries, that is in so far as the profit and loss picture of the company is concerned. The government or the treasury will not enter into any arrangement with the Canadian Pacific so far as taking the profits or making up the losses is concerned?

Mr. Starr: No, it is not contemplated that the government should enter into that.

Mr. Caron: A while ago the minister said it was the understanding between the company and the stewards that they would go back with an 8 per cent increase. Will the balance of the crew go back at that same rate? What was the demand of the union for the other members of the crew?

Mr. Starr: There is a signed collective agreement, Mr. Chairman, between the Canadian Pacific and approximately 58 per cent of the employees in this service now on the basis of an 8 per cent increase. I am not able to say what the demands were. I can give the recommendations of the conciliation board. As I stated before, the chairman recommended a 25 per cent increase; the employer representative recommended a 17 per cent increase, and the employee representative recommended a 40 per cent or 50 per cent increase.

Mr. Howard: Perhaps the minister should explain that these 25 per cent and 17 per cent increases were divided into two amounts over a two-year period.

Mr. Starr: That is true; it is a two-year contract, and part of it was for the first year and part of it for the second year.

Mr. Chevrier: Earlier the minister referred to the two bargaining agencies involved, one the S.I.U. and the other the brotherhood of railway steamship clerks. In answer to a question put by the Leader of Opposition he said that the stewards, which I believe belong to the latter union, would go back to work at an 8 per cent increase. What is the position with respect to the other members of the other union, that is the S.I.U.? Do they go back at an increased wage?

Mr. Starr: I cannot say with certainty that they would go back, but I expect and have every hope that they will, at the same rate of 8 per cent.

Mr. Chevrier: Is that contemplated in the bill?

Mr. Starr: This is set out, that all the personnel go back at an 8 per cent increase.

Mr. Chevrier: Can the minister say what percentage of the men under contract belong to one union as opposed to the other?

Mr. Starr: The average number of persons employed in this service on the west coast has been as follows: deck officers, represented by the Canadian merchant service guild, 62; engineering officers, represented by the national association of marine engineers, 93; unlicensed personnel represented by the S.I.U., 300; pursers and stewards, officers and ratings, represented by the brotherhood of railway and steamship clerks, 413. This latter group is the one that has a collective agreement signed with the Canadian Pacific. The total average yearly employment with the company is approximately 930.

Mr. Chevrier: Thank you. May I go back to a question asked by someone earlier, I believe the hon. member for Essex East. What is the legal or constitutional position with regard to the company furnishing steamship service from the mainland to Vancouver island?

Mr. Fulton: I do not quite follow what the hon. gentleman means.

Mr. Chevrier: I mean, for instance, with reference to the steamship service on the east coast from the mainland to Newfoundland, there is a constitutional obligation by virtue of the terms of union with Newfoundland. There is also an obligation with reference to steamship service on the west coast. I should like to know from the government what this is. Is it legal or constitutional or by virtue of what agreement between the provincial and federal governments, if such exists, that this steamship service be operated?

Mr. Fulton: It is not within my knowledge that there is any provision in the constitution or that there is an agreement that would cover the point mentioned by the hon. gentleman. The basis upon which we have jurisdiction is that the company is a company under federal jurisdiction. We are not asserting here any legislative jurisdiction by virtue of a written agreement, by virtue of a provision in the constitution for the provision of the service because, as I say, there is no such written or constitutional requirement. There is the fact that this company, and its service, is under the legislative jurisdiction of parliament.

Mr. Martin (Essex East): When the Leader of the Opposition asked the Minister of Labour about two ships being disposed of by the company, and what was the minister's understanding as to the obligation of the company to carry on the operation with at least a limited number of ships, the Minister of Labour replied that he understood there was an obligation. I then put in an aside, was it a legal obligation? I do not expect the Minister of Labour to be able to answer whether or not there is a legal obligation, but perhaps he will explain what he meant by saying he understood there was an obligation as to the continuation of this service, which is so important?

Mr. Starr: When I said there was an obligation I meant a moral obligation. After all, the Canadian Pacific have been operating these steamships for many years. People are dependent upon them, and they have more or less carried on the operation of this ferry service between the island and the mainland. After this bill is passed there certainly will be a legal obligation.

Mr. Martin (Essex East): I am sure the Minister of Justice will give consideration to this. There must be a legal obligation on the part of the crown, in the right of Canada, to see that there is communication between the mainland and the island?

Mr. Pearson: May I add to that question just one observation. Is there any obligation in the original franchise, if that is the right word, by which the Canadian Pacific Railway Company was granted the right to build the transcontinental railroad? Is there any legal obligation in that franchise to continue the service to Vancouver island?

Mr. Fulton: I believe that has been the subject of dispute and representation over the years. The fact is that the service was established. I would not care, at this stage, to revive a controversy which died many years ago. The fact is that the company has been providing a service. It is a company under the legislative jurisdiction of parliament, and it is on that basis that I would prefer to rest the authority for this legislation rather than enter into a hypothetical discussion as to whether or not there is now a legal or constitutional obligation on the company.

Mr. Pickersgill: The minister is aware, of course, that it was a condition of the union with British Columbia that a railway should be built to the pacific coast. Does the minister recall—I confess I do not—whether or not there was any obligation on the dominion at that time to provide steamship service between the mainland and Vancouver island?

Mr. Fulton: The hon. gentleman, Mr. Chairman, is himself a student of history. I know he will recall, as well as I do, the controversy that existed as to whether or not there was such an obligation. My point is that I do not see that there is any purpose to be served by reviving that controversy.

It is not necessary to found this bill on one point of view or another with regard to that controversy. We are concerned with getting the steamships back into operation and surely no hon. member opposite would question that this company is under the legislative authority of parliament—

Mr. Pearson: No, that is so.

Mr. Fulton: There does not seem to me, therefore, to be any purpose to be served by going back to controversies which died 50 years ago.

Mr. Pearson: Perhaps there is this purpose to be served—it is reported, and I ask for confirmation other than this report, that the company has disposed of two of these ships. Does the company or can the company relieve itself of any obligation which it might have by disposing of all of these ships?

Mr. Fulton: Of course, Mr. Chairman, that is a hypothetical question because I am not aware that there is any intention or thought on the part of the company of disposing of all its ships, so I am really not able to answer the hon. gentleman's question.

Mr. Pickersgill: I would like to pursue this subject a little further. This is a most extraordinary measure the government is proposing to take, which would have the effect for the time being at least of confiscating the property of a private company. The government is obliging people to go back to work by law—also a very unusual procedure—and is making it criminal for people not to go back to work for this shipping company. It would be a different situation if there were an obligation on the part of the federal government to maintain that service, as there was in 1950, between Prince Edward Island and the mainland, and hon. members will recall that the service was resumed with the consent of the union almost immediately after the strike started.

If the government is resting its authority for action solely on its jurisdiction over shipping and over federal companies—neither of which one would contest—I would think, and the minister is a lawyer and I am not, but I would think that the government's jurisdiction over shipping might be a more solid foundation than its jurisdiction over federal companies upon which to rest its action. It does seem to me that, although the minister says this business of disposing of the ships is a hypothetical question, it is not really hypothetical, especially when we consider something which has happened very recently on the east coast. It is true that jurisdiction exists over these Canadian Pacific ships and it also existed over the Canadian National (West Indies) ships on the east coast but the government did not see fit to take this kind of action in that case. There must be some distinction or difference between the two cases. It is true that this is a service between one place and another place in Canada—

Mr. Fulton: You have answered your own question, surely.

Mr. Pickersgill: —and the other was a service between another country and Canada. I admit that is a very important difference but I assume the government is acting here because of some sort of principle and we are anxious to find out just what is that principle.

Mr. Fulton: Of course, Mr. Speaker, the government recognizes that it is a matter of concern to the government on behalf of the people of Canada to see that the people of Canada are served with adequate transportation facilities and I suppose that is the broad general principle involved in the bill. If it were not for something like that there would be no need or occasion for the federal government to take action but, as I say, I felt it was not useful to seek to set a narrow legalistic basis on which to found this bill. We felt the interests of the country required it; we know we have the legislative jurisdiction to do it, and we propose to submit this proposition to parliament for its approval if parliament agrees with the course being adopted. I might just say, however, that the hon. member should, I think, look at the bill before he makes broad, sweeping assertions about the confiscation of property of the company because I am sure he will find nothing like that in the bill.

Mr. Pickersgill: Perhaps I might substitute the word "appropriate" for "confiscate" the property of the company.

Mr. Howard: Perhaps it is because both the minister and I come from the same province that we find ourselves in at least partial agreement at this time in that it is not necessary to rehash all the controversies on this particular item.

Mr. Martin (Essex East): It might have some effect on the rights of labour.

Mr. Howard: There was a comment on the rates of labour which I did not hear.

Mr. Martin (Essex East): It could possibly have some effect on the rights of labour.

Mr. Howard: Oh, yes it could possibly, but it is interesting that the point arose with respect to the speculation as to whether the company has any legal obligation to maintain some sort of service out there or not. This is a worth-while speculation which I think points up, by the mere fact that it was raised, the objections we have made for some time about the operation of passenger and steamship services on the coast of British Columbia. From what I can glean from the comments and answers by members of the cabinet about the contents of the bill, and I may have to revise this statement after I see what the bill contains, but from what I have been able to gather so far it does relatively little with respect to the over-all, long-term project of providing shipping on the coast of British Columbia. It certainly has an immediate good effect of allowing the ships to go back into operation so that some sort of service is provided between Vancouver and Vancouver island, between Nanaimo and Vancouver, but it does practically nothing in respect of the over-all co-ordinated approach which must be taken by this government. I think the government has failed just as the previous administration failed, in not taking cognizance of and in not paying more attention to the shipping problems on the coast of British Columbia. I have mentioned this a number of times and will continue to do so, but these stop-gap measures—particularly this one in the light of its effect on the overall shipping on the coast of British Columbia—are merely short term approaches into which the government was jockeyed because it was unable to deal with the situation in past years.

We have always contended that if some sensible approach or attitude had been evident on the part of the previous administration and on the part of this administration with respect to the operating of shipping in this area we would probably not have got into this difficulty in the first place because, as hon. members will know, this difficulty arose because of a difference in opinion regarding the wage structure which would exist. I have no intention of getting into a discussion on the wage structure as to whether or not there was merit on one side of the argument or the other. I think if we analyse the matter, as did the junior chamber of commerce in Victoria, we will find that the fault lies with the Canadian Pacific steamship company more than it does with the union representing the employees.

Because of this difference of opinion, however, we ended up with a strike and I think we have to look at the attitude of the company which said "We cannot afford to pay any more than the 8 per cent which we signed for with another union", and secondly they said, "Even if we did it would mean an inequitable structure of wages within the same company or an inequitable structure of wage increases within the same company; therefore we cannot have anything to do with it." The question of subsidies was involved and if the company wanted to comply, the question of their fare structure was involved and the type of ships the company has been building was involved, as was also the inefficiency of the ships. I am sure anyone who is familiar with the operation of the C.P.R. boats on the coast of British Columbia would not say that they are anything but inefficiently run, and that they are improperly built for that type of service.

All these factors have to be taken into consideration in looking at coastal shipping as a whole in British Columbia and I submit that while this legislation may have the immediate result of providing a service between one point and another out there, and of getting the employees back to work at a wage increase equal to that which the other employees got, there is no guarantee and, if you analyse the trend of collective bargaining and the attitudes taken and which could be taken in the future with respect to this particular strike, there is not even a pious hope that this will do anything more than have the immediate effect for which it is designed of getting these ships back into operation. This effect, of course, is a good thing because the general public is certainly suffering in British Columbia far more than anyone else, far more than the employees and far more than the company.

Unless and until the federal government which is in office now, and any other federal government which succeeds it is willing to take the final step of placing all coastal shipping in British Columbia under an all-inclusive crown corporation, you are going to continue to have these problems you have now, you are going to have subsidies involved, and ships are going to lose money on some runs and make it on others, and then you will have to balance it up, and so on. Until you do that you are going to have problems of this kind arising because of the costs involved, and because of the wage rates, and because the attitude of the companies is that they cannot afford to pay anything better, while they have millions of dollars in other accounts and there is no argument about that.

If it were a crown company where you could balance a loss against a profit and consider the operation of such a passenger service as primarily, a public service, you would have less chance of such a situation developing. So while there may be no reason

to go back into the history of this industry to find out these things, I point out that these particular problems will continue to arise.

There are all sorts of detailed things that we can get involved in, probably, when we see the bill, because then we will be able to go into more detail than we can at the moment when we are just groping around in the dark, but I have a strong impression that the effect of this legislation, as far as I have been able to grasp it, will be a purely short term one and that there is no conception of what the long term problems are, and, fundamentally, I do not think this government has any conception of how to deal with them.

Mr. Diefenbaker: I do not wish to become involved in a controversy, but as I listened to the hon. member pointing out that all we have to do was to set up a crown corporation and then all the difficulties would be settled, I thought I might just remind him that we have, in the province of Saskatchewan, a socialist government, and that it had a crown corporation in operation some years ago, the employees of which asked for higher payment—

Mr. Pickersgill: I am rising on a point of order. I think it is permissible to rise on a point of order at any time. My point of order is that last evening we were so restricted as to what might be—

The Deputy Chairman: Order. What is the point of order?

Mr. Pickersgill: My point of order is that we are debating a measure to deal with the Canadian Pacific steamships on the Pacific coast, and not the provincial government of Saskatchewan, and the Prime Minister is quite irrelevant and therefore out of order.

Mr. Diefenbaker: I notice the celerity with which the hon. gentleman raises points of order, when the question has already been raised by the hon. member for Skeena. It was he who raised the question of setting up a crown corporation, and I did not hear any objection coming then from that authority, the hon. member for Bonavista-Twillingate.

I will simply terminate by saying this: That in Saskatchewan we had experience of a crown corporations—

Mr. Pickersgill: Mr. Chairman, I have raised a point of order—

Mr. Howard: On the point of order, Mr. Chairman, I have no objection whatsoever to the Prime Minister's remarks.

Mr. Pickersgill: It is a matter of total indifference to me whether or not the hon. member for Skeena has any objection. What I am seeking to do is to have order maintained in the committee. The hon. gentlemen on the treasury benches were very anxious to do that last night, and we were exceedingly restricted.

The Deputy Chairman: Order. The hon. member may talk about a point of order, but he cannot discuss a ruling that has been made. It is true the Chair was a little lax in allowing the hon. member for Skeena to develop his remarks, but perhaps I may now ask all hon. members to direct their comments to this resolution which is concerned with the British Columbia steamship services.

Mr. Pearson: I have a question which concerns this matter and which avoids the difficulties about crown corporations and their merits or demerits. I wish to raise a matter which does, perhaps, throw some light on some of the difficulties which may confront the government in the action which they propose to take, and I ask the government if they have yet taken these possible difficulties into consideration. I am thinking of the action taken by the provincial government to take over the Black Ball line and put it under an administrator, and the difficulties which the provincial government is facing in carrying out that order and operating the ships, difficulties which have now reached the point where they have had to secure an injunction to keep the ships going. I should like to ask someone in the government whether that difficulty has been taken into consideration and, if that difficulty should arise, whether this is the kind of remedy they would apply to it?

Mr. Fulton: I can assure the Leader of the Opposition and the committee that these difficulties, and this sort of situation, were taken into consideration when the legislation was considered. We do not anticipate that this difficulty will arise, because the scheme of the bill will be to provide for a collective agreement subject to provisional amendment with regard to the increase in wages, and there will be therefore no reason for the employees to refuse to go back to work or for anyone to persuade them to refuse to go back to work, because a collective agreement will be in force.

I am not fully aware of the legal position in which the provincial government found itself, but my impression is that they appointed an administrator by virtue of their civil defence act, and my understanding is that the situation in which a strike had been declared was not remedied and that no attempt had been made to deal with that aspect of the situation. I do not say this by way of criticism, but merely according to my understanding of the position.

The situation here is quite different; there will be collective agreements in effect. As to what would happen if the men did not go back to work, the Prime Minister has already answered that with respect to the penalty but, again, I may say that the situation, as I have just outlined it, is that we do not contemplate that anybody will refuse to pay due regard to the legislation and to abide by what parliament will have provided.

Mr. Pearson: The premier of British Columbia has stated his position in the action that has been taken in the Vancouver *Sun* of July 18 which quotes him as saying:

> The government of British Columbia is determined that in future ferry connections between Vancouver island and the mainland shall not be subject either to the whims of union policy or to the indifference of federal agencies.

Mr. Fulton: I think that sort of statement speaks for itself.

Mr. Martin (Essex East): Is there any connection between the decision of the government in this matter and the visit of two distinguished members of the government to British Columbia? This is a matter which has been in the hands of the government for some 60 days. I am not criticizing the Minister of Labour, who has been conducting private negotiations, but there was a very unusual statement, attributed, I think, to the Minister of Public Works. If I am correct, when he was out west he said that now at long last he was convinced that this was really of vital importance to the people of British Columbia, and that he would go back to Ottawa as quickly as possible to bring this matter to the attention of the Prime Minister and undoubtedly, as a result of his vicarious activity, a solution to this problem which has been outstanding now for 65 days would be achieved.

Mr. Green: Mr. Chairman, the hon. member for Essex East knows as well as I do that it is not always wise to depend on press reports of what one said. I did not see the particular one he has mentioned with regard to myself but certainly I said nothing of the kind. We have always been terribly concerned about this situation ever since the Canadian Pacific steamships were first tied up but the position became extremely critical toward the end of last week when the Black Ball service also was tied up. The result of that was the only way a person could get to or from Vancouver island by sea was by going either from Anacortes or from Port Angeles in the state of Washington. While it was possible to get across by air or to send freight over by barge the situation became simply impossible. Hon. members of the committee must remember that there are almost as many people living on Vancouver island as there are in Newfoundland.

Mr. Pickersgill: Oh now!

Mr. Green: This situation had to be met. The proposal the government now brings forward is designed to get these ships operating and I am convinced it will do so, not only the Canadian Pacific ships but also the Black Ball ships, if the latter are not as a matter of fact already in operation again.

Mr. Martin (Essex East): It is a good thing to go home now and then.

Mr. Howard: Mr. Chairman, I have a question to direct to the Minister of Justice. I may not have understood what he said but I believe he said one provision in the bill was to expand the terms of the collective agreement that was in effect up until the time the strike started. Not being familiar with it, I do not know if the agreement contained such a provision, but I understood him to say it was to extend the terms of that collective agreement with the exception of those provisions relating to wages. Is that correct?

Mr. Fulton: I believe that I said the terms of the collective agreement would be extended, subject however to a provisional amendment with regard to a wage increase of 8 per cent. I do not think the hon. gentleman would expect us or parliament to require men to go back to work without a collective agreement in force.

Mr. Howard: In effect, what parliament will be asked to do is to write a collective agreement the same as was in existence before with the addition of an 8 per cent increase in wages?

Mr. Fulton: Parliament is not being asked to write a collective agreement but to extend the provisions of the agreement subject to a provisional amendment by way of an 8 per cent increase in wages.

Mr. Howard: Until what time?

Mr. Fulton: Until settlement has been arrived at and a new collective agreement is substituted therefor.

Mr. Howard: What provisions will be in there with respect to some of the other matters that were dealt with in the original negotiations and which I understand have not yet been resolved?

Mr. Fulton: I understand—and the Minister of Labour can correct me if I am wrong—that the great bone of contention is wages and that the other issues were not major issues. I am also informed that the main subject

upon which it became impossible to reach agreement or on the basis of which it became evident that agreement up to this time could not be reached was wages. That being the main bone of contention it seems to me that is the matter with which parliament should concern itself leaving the other matters to be the subject of the renewed negotiations.

Mr. Herridge: Mr. Chairman, I should like to ask the Minister of Justice one question. Is it not a fact that the principle, procedure and method of this bill is essentially the same as that brought forward by the previous administration with respect to the railway strike?

Mr. Fulton: No, Mr. Chairman. I am confident that when the hon. gentleman looks at the bill he will find there is a substantial departure in principle and that the principle in this bill is that enunciated at the time of the railway strike by the then leader of the opposition, Mr. Drew, in the amendment he moved on August 30, 1950, and for which the hon. member for Kootenay West voted on that day.

Mr. Herridge: If I voted for it, it must have been correct. I misunderstood the explanation, Mr. Chairman.

Mr. Martin (Essex East): Mr. Chairman, I think the hon. member for Kootenay West will remember that this bill, if he examines it, would seem to provide—rightly or wrongly—compulsory arbitration which has the effect—again rightly or wrongly and I am not arguing that point at the moment—of interfering with the processes of collective bargaining.

Some hon. Members: No.

Resolution reported and concurred in.

Mr. Speaker: As the house has given unanimous consent to this proceeding, I suggest we complete the introduction of the bill and first reading now even though the bill is not available and probably will not be available for distribution in mimeographed form until perhaps six o'clock. Is it agreed?

Some hon. Members: Agreed.

Right Hon. J. G. Diefenbaker (Prime Minister) thereupon moved for leave to introduce Bill No. C-42, to provide for the resumption of the British Columbia coast steamship service operated by the Canadian Pacific Railway Company.

Motion agreed to and bill read the first time.

[Mr. Fulton.]

PRAIRIE FARM ASSISTANCE ACT

AMENDMENTS RESPECTING EXTENSION OF BENEFITS AND CHANGES IN ADMINISTRATION

Hon. D. S. Harkness (Minister of Agriculture) moved the second reading of Bill No. C-40, to amend the Prairie Farm Assistance Act.

He said: Mr. Speaker, in presenting the resolution preceding this bill yesterday I outlined the general purpose of it and at this time I should like to briefly recapitulate some of the things which it is proposed to do by way of amendment to this bill. The general principle underlying the amendments which are proposed, of course, is to broaden the scope of the act and to thus make it possible to make payments to certain farmers and groups of farmers who heretofore have not been eligible for payments as the act is written at the present time. A very considerable number of farmers who have been precluded from receiving payment in the past because of the size of the minimum area which could be declared eligible for payment may now be put in receipt of payment and a considerable number of anomalies which have existed in the act will be removed by the amendments now proposed.

I should like to briefly outline the complaints and the proposed remedies and this will be a sort of brief compilation of what the amendments are and what their effect will be but before doing so I think I should point out to the house that it should be borne in mind that under legislation of this kind it is not feasible to pay awards to all farmers who suffer a crop loss in any particular year nor is it possible in all individual cases to make the award proportionate to each farmer's loss. This could be done only under a crop insurance scheme. We had a considerable amount of discussion yesterday with respect to a crop insurance scheme. The general opinion expressed by those who spoke on the resolution yesterday was that a crop insurance scheme should be brought into effect and I indicated that this was the opinion of the government and we were proceeding with that in mind.

However, this scheme has never been a crop insurance scheme. That was never the intention of this legislation. The main purpose of this act has always been to assist the municipalities and the provinces to deal with a relief problem which they could not otherwise undertake, or which they could not deal with alone, and I think that should be kept in mind in discussing the act, that this is not a crop insurance scheme. It has been, and essentially throughout the years has remained, a form of drought relief. That form of drought relief has been greatly extended to

cover other types of crop losses such as loss by rust, by grasshoppers, by hail and by flooding.

The majority of the complaints received—and they have been received, of course, for years—are protests against the inclusion of high-yield sections in an eligible area when computing the category of payment. It is proposed to exclude from both payment and the computations to determine the category of award all those sections having an average yield of 12 or more bushels; that is, the individual sections. This will enable the marking of payments on those sections with a loss of crop more in proportion to the loss.

Many complaints are also received from farmers in eligible townships who, even though they have a low yield, are excluded from payment because their lands are in a block of six or more sections with an average yield of over 10 bushels, that is contiguous to a high-yield township. It is proposed to repeal this section of the act and simply exclude from payment all sections having a yield of 12 or more bushels.

Many complaints are also received from farmers with a low yield who are in an ineligible township and denied an award because they do not form part of a block of six or more adjoining sections that is contiguous to an eligible township. It seems unfair to deny payments to such farmers when they are in many instances just across the road from an eligible township. It is therefore proposed to remove the restrictions as to the size of the block and make it possible to qualify any number of sections of land adjoining an eligible area, regardless of township boundaries as long as those sections are contiguous to one another.

It is also proposed to remove from the act the authority to exclude farmers with other occupations. It is felt that everyone who farms land himself, or hires the work done, should participate in the benefits, particularly as the levy is collected from him.

Another proposal is to repeal that section of the act which excludes from award all crown lands which had not been sold or granted until after 1940. It is felt that farmers on such lands are as much entitled to an award as anyone else.

Many farmers complain that the minimum size of the area for eligibility, namely one-half of a township, that is, 18 sections, is too large. It is proposed to reduce this to one-third of a township, or 12 sections.

In areas where coarse grains are the predominant crop, many complain because wheat is used as the index in determining eligibility. They recommend the use of the predominant coarse grain crop. It is proposed to provide that the regulations may authorize the substitution of any grain for wheat where less than 10 per cent of the cultivated area is sown to wheat. That 10 per cent figure was taken because in any township where 10 per cent or more of the land is sown to wheat in nearly all cases that 10 per cent will perhaps be the best land, the land which has been summerfallowed and so forth, and therefore if the yield on that land is low the yield on the other land is likely to be considerably lower. Therefore, continuing to use wheat as the index in cases where more than 10 per cent of the township is planted to wheat means that the farmer will get a better deal than if you take merely the predominant coarse grain crop. In other words, where you had 15 per cent of the township planted in wheat, 45 per cent of it planted in oats and 30 per cent planted in barley, if you took in that case oats the farmers in most cases would not get as good a payment as if you took the wheat as an index for payment.

Many farmers also feel that crops other than wheat, oats barley and rye, should be subject to the one per cent levy deducted at the elevators. Since flax and rapeseed are now grown in large quantity it is proposed to make these subject to the levy also. The growers of these benefit under the act in a year of crop failure and have benefited, of course, for many years past, and it seems unfair when they benefit that they should not contribute toward the fund the same as the growers of wheat, oats, barley and rye.

Some complaints come from farmers who suffer from flooding because they feel that the minimum area to qualify is too large.

Mr. Martin (Essex East): What was the crop that the minister spoke of just now?

Mr. Harkness: I spoke of those who grow flax and rapeseed.

Mr. Martin (Essex East): Before the minister takes his seat will he address himself to the question he raised yesterday as to the difficulty of assessing farmers in eastern Canada who, it was suggested, might benefit from this scheme.

Mr. Harkness: Flax and rapeseed are handled just the same as wheat, oats and barley are handled. They are handled through the elevator system in western Canada. The deduction can be made from them just as readily at it can be made from wheat, oats and barley. There is no such system in handling grains produced in other parts of the country and, as I pointed out yesterday, most of the production in any event is not sold in the form of grain; it is sold in the form of livestock and livestock products.

Mr. Boulanger: Mr. Chairman,—

Mr. Harkness: I wonder whether I can finish. Of course, hon. members can pose their questions when they speak on second reading and we can have the ordinary question and answer discussion when we are in committee on the bill.

As I was saying, some complaints come from farmers who suffer from flooding because they feel that the minimum area to qualify is too large and that, I think, has been a justifiable complaint because you get many instances of flooding in a river valley and in many instances it has been impossible, of course, to get an area of 18 sections which was flooded. You have the river following an irregular course, and so on. At present there must be a flooded area of at least one-sixth of a township—that is of course six sections—to qualify. It is proposed to reduce this by making eligible any area consisting of six or more adjoining sections of land where at least one-third of the total cultivated area is flooded. In other words, to be eligible now the area really is reduced to one-third of what it was before.

A considerable number of complaints have also been received because the payment of awards is made in two instalments. It is proposed to amend the act to authorize payment in future in one instalment instead of two, and payment to be made in the month of December.

A number of other minor amendments to the act and regulations are proposed but these are largely to facilitate the administration of the act. One of the major amendments to the regulations will be to qualify for payment lands operated by Indians within reservations. The hon. member for Essex East asked about this yesterday and I gave him a guarantee. In future such lands will come under the operations of the act on the same basis as other lands.

I think this summary I have given of the various amendments covers all of those which are of any considerable importance and I would hope that all of them would receive the unanimous approval of the house.

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

On clause 1—*"Farmer"*.

Mr. Boulanger: I notice that family corporations will benefit under this law but will business corporations owning land also benefit?

Mr. Harkness: The reason for the amendment is that in recent years an increasing number of families operating farms have organized themselves as family corporations for the purpose of carrying on the operations of the farm. Quite frequently you have a set-up of a father and a son or two sons. They form a family corporation and carry on the farm as such. Such corporations have been ineligible to receive awards under the act as it stood and therefore we are including family corporations of that kind in the definition of "farmer" so that these people will be eligible for awards in the future. It has been manifestly unfair that families who found it more convenient to organize themselves as private companies in order to carry on their farming operations should be cut off from the benefits of the act.

In most cases these family corporations carry on in the same way as similar families which are unincorporated. You have a father and a son or a father and two sons or a father, a daughter, a son and a son-in-law and so on. In order to make a better division of the proceeds and to meet other requirements these families have found it more convenient in many cases to carry on business as private corporations rather than as individuals. That is the reason for the amendment.

Mr. Martin (Essex East): A non-family corporation is not included. I do not know whether it will be too strong to say that the minister regards non-family corporations as a threat to the family farm or whether they are excluded purely for economic reasons, namely that they do not need any assistance. The minister nods that that is the case.

Mr. Harkness: On that point, as I stated when speaking on second reading of the bill, the intent and purpose of the act have been to provide a measure of relief to farmers who have lost their crops, especially because of drought. I do not think anyone will argue that the Royal Trust Company, for example, is in need of any form of relief on lands they own and operate either as a result of drought or for any other reason. Therefore I do not think it is appropriate to include corporations, particularly loan companies which have foreclosed on land and taken possession. I do not think it is proper to include them under the provisions of the act and to make payments to them and, of course, there is no intention of doing so.

Mr. McIntosh: I might say a few words to correct a wrong impression that may be held by some hon. members. Although the minister says that this is a form of relief, the funds required to pay this form of relief do not all come from the government. The plan operates on a contributory basis. The farmers pay one per cent of the gross revenue from their grain.

Last night a member from northern Ontario, I believe, asked why the levy could not be

raised to three per cent. I am quite sure that if he will inquire from the farmers in his constituency he will find that they do not want to participate. We have found that to be so in the western provinces in the case of farmers along the edge of the foothills of the Rockies. They have contributed to the fund for years and have never participated in the benefits. They would be pleased to get out of the scheme and not be included in a P.F.A.A. area. If members from eastern Canada will inquire from the farmers in their ridings I think they will also find that they do not wish to participate under the act.

It is a form of relief although each farmer has to contribute. We grow grain exclusively but the eastern farmers have not got the same problems. They can feed some of their grain and they also have sources of income from cattle or mixed farming. This is not the case in the west. Hon. members may ask why western farmers do not diversify their operations. The land in the west is not suitable for diversification. A lot of the land does not have water or shelter for cattle and you cannot raise cattle unless you have shelter and water. Therefore these farmers can only grow grain and that is the reason for this legislation. I do not think that eastern farmers would want to participate at all. It is not a case of 100 per cent of the relief coming from the government. The farmers of western Canada contribute one per cent of their gross revenue to the fund and I do not think eastern farmers would want to insure on that basis.

Mr. Baldwin: I should like to bring to the attention of the minister a matter which I think falls squarely within the four corners of the section of the act being amended by this clause. It is one that is peculiar to my constituency. We have there several associations known as metis associations which are incorporated pursuant to a provincial statute. They consist of a number of groups comprising metis or Indians who have contracted out pursuant to the appropriate provisions of the Indian Act. They occupy land for which they have a certificate of occupancy. They are not owners and they are not tenants.

Consequently when they had occasion last fall to make application for the first time for the benefits of this act they discovered that they could not qualify either within the meaning of the section or the regulations passed pursuant to section 5. They are farmers but, as I said, they are not owners and they are not tenants. When the minister is considering the regulations that will be drawn at a later date I would ask him to take into account the situation of these people, of whom there are a considerable number, so that they can qualify. They pay the ordinary levy, of course, when they haul their grain to the elevator but in the past they have not been entitled to receive benefits.

Mr. Harkness: Mr. Chairman, this is the first time this particular group of people and their problem with regard to prairie farm assistance has come to my attention. For many years past, as the hon. member for Essex East mentioned yesterday, I urged most strongly on the previous government that Indians should be included. That is being done by these amendments. I was not aware of this situation but I should like to thank the hon. member for bringing it to my attention and to assure him that we will give sympathetic consideration to putting these people in the position where they can secure payment in the same way as Indians on reservations and other people who will now be included and were not included before.

(Translation):

Mr. Boulanger: Mr. Chairman, I should like to reply to the hon. member for Swift Current-Maple Creek (Mr. McIntosh) who stated that eastern farmers are not interested in a crop assistance scheme.

If eastern farmers are beginning to show interest in this legislation, it is because the Minister of Agriculture (Mr. Harkness) talked about it in their area. As a matter of fact, he made several promises to them and if those people are interested in the matter, it is because, as their opposite numbers in the west, they need some sort of insurance to protect their crops.

As I said yesterday, the farmers of the constituencies of Megantic and Lotbiniere sustained heavy losses last year. In fact, they completely lost their crops and would have welcomed some sort of assistance.

I do not mean that eastern farmers should pay the 1 per cent premium as do western farmers. Out west, farmers incur damages generally as a result of drought, which is rather exceptional in the eastern part of the country, where wind, hail and flooding normally cause such damage.

You will no doubt recall that three years ago considerable damage was suffered in central Quebec and that this damage recurs every year. That is why eastern farmers are beginning to show an interest in the matter, all the more so since the Minister of Agriculture made them wonderful promises during the last election campaign.

(Text):

Mr. Harkness: If I have understood the hon. member correctly, Mr. Chairman, I think

he is in error in stating that I said at any time in speeches here in eastern Canada that the benefits of the P.F.A.A. would be extended to farmers in the east. I have never had any such idea in my mind at any time, and I can assure him I have never made any statement along that line.

I have said on numerous occasions, as I said yesterday, that we hope to bring in a system of crop insurance as soon as possible. There is no question about that. But it has never been in my mind at any time, nor do I think in the mind of anyone else who is familiar with the operations of the Prairie Farm Assistance Act in western Canada, to extend it to other areas of the country. For the reasons I have indicated today and yesterday, it is not a practical proposition to do so. I do not know how the hon. member would have secured this impression, but I can assure him it is an incorrect one. I have never at any time had any such idea in my mind, and therefore I know definitely I have never made any statement along that line. I have talked to a considerable extent about crop insurance.

Mr. Boulanger: I would remind the minister that last January at a meeting of the federation of agriculture in Montreal, he talked about crop insurance.

Mr. Harkness: That is correct.

(Translation):

Mr. Martin (Essex East): Mr. Chairman, the hon. Minister of Agriculture (Mr. Harkness) has very well understood the remarks made by the hon. member who has just resumed his seat. As a matter of fact, the hon. member for Drummond-Arthabaska (Mr. Boulanger) has just told us that the Minister of Agriculture had spoken to Montreal farmers; I am very glad to learn this, as I had been unaware that there were any farmers in Canada's metropolis.

(Text):

I do not believe the hon. member for Swift Current-Maple Creek fully understood the remarks of my colleague, who expressed a view that I believe would be shared widely by the farmers in eastern Canada as well. The provocation may not always be the same, but as the hon. member pointed out the farmers in eastern Canada do have great losses, total losses, and notwithstanding other kinds of assistance that may come from the possession of other forms of farm income, these losses can be very great, having in mind the proportions of stock that a farmer may have on hand.

In my own area, for instance, where the farmers grow large cash crops of corn, soybeans and wheat, total failures mean a great deal and put the farmers in a very difficult position. I can assure my hon. friend that notwithstanding the element of contribution that does exist in this measure my judgment would be, as his has been, that there would be a wide measure of support if it were practical to arrange for this kind of measure for the farmers of eastern Canada. I am not pitting the farmers of one section of the country against the other. I believe that in the national interest we must regard farmers as having special problems. There is an understandable feeling on the part of many farmers in eastern Canada that some of these measures might, with benefit, be applied to them. It is for that reason we have taken the position on this side that consideration ought to be given to the application of this measure.

The minister indicated today, and more particularly yesterday in greater detail, that he thought the way to do this would be through a system of crop insurance because it was not possible to make the kind of assessment necessary of the eastern farmer in order to bring him within the advantages of this particular measure. However, that is a matter that he is studying. It may be that through crop insurance, what cannot be done for the eastern farmer under this measure, can be done under that proposal.

I do not believe the minister has given any indication of the estimated total cost of these particular amendments or of the operations of the act this year. I believe I saw an estimate made by the Prime Minister that the cost of this measure this year would run somewhere in the neighbourhood of $39 million. I understand that the cost of the drought in 1949 was some $22 million. I have seen it suggested in western newspapers that the Prime Minister's estimate of $39 million was high. I would be grateful to the minister if he could give us those figures.

(Translation):

Mr. Harkness: Mr. Chairman, I understand the hon. member for Essex East (Mr. Martin) much better when he expresses himself in English than when he speaks French. However, I want to point out to him that when I spoke to farmers in Montreal, I was not addressing Montreal farmers, but farmers gathered from all parts of Canada.

Mr. Martin (Essex East): Visiting farmers.

Mr. Harkness: Yes, of course.

(Text):

Mr. Harkness: In connection with the estimate of total cost, I said yesterday that it is estimated it will increase the payments made by about 20 per cent. It is impossible to say what the payments in any particular

year may be. However, I have here the figures as to what the payments have been since the inception of the act in 1939. They have totalled, up to and including April 15, 1958, $202,254,261.90. The amount of the collections up to March 31, 1958—not exactly the same date, it is 15 days earlier—has been $103,955,728.82, in other words, about half of the amount paid out has been collected through the one per cent levy.

The largest amount which was paid out in any particular year was in 1954 when the total payments were $33 million odd.

Mr. Martin (Essex East): And $22 million for 1949, is that right?

Mr. Harkness: In 1949, it was $22,050,000. Those were the two biggest years.

The estimate for this year, of course, is that there will be more paid out than was paid out in 1954. The estimate which was made some three or four weeks ago was that it might run up as high as—I think I stated this myself in the house although I do not recall having heard or seen an estimate made by the Prime Minister—between $40 million and $50 million. That estimate would be reduced downward at the present time, I believe, in view of the extensive rains which have occurred during the past two or three weeks in western Canada. I am very glad to say these rains have considerably improved the situation, particularly as far as late sown crops are concerned.

Mr. Boulanger: I should like to ask the minister about what he told the farmers in Montreal last January as reported in *Le Devoir* of January 30 last, as follows:

> I am at present studying the possibility of setting up a form of insurance which would protect the farmers against calamities, floods, hail storms or drought, acts of God which the farmers must always bear in mind.

The minister went on to explain the difficulties of collecting levies for insurance, if we ever do get this insurance in Quebec, and I would like to ask the minister whether the only reason the eastern farmer would not receive the benefit of this legislation is the difficulty of collecting levies from the farmers?

Mr. Harkness: From what the hon. member said and from what he has read in connection with the speech I made in Montreal, it would appear to me that he is still under the impression that this is a type of crop insurance. I have tried to make the point several times yesterday and today that this is not a crop insurance scheme. What the hon. member read from my speech to the Canadian Federation of Agriculture in Montreal is quite correct. I made that statement there and I made it numerous times before that meeting and have made it numerous times since. I made it here in the house yesterday, but that has no relationship to the Prairie Farm Assistance Act or to the amendment we are considering at the present time.

When we put into effect a system of crop insurance the farmer will of course pay a premium and, as I indicated yesterday, if he has a tobacco crop, which is a very high cost crop, and if he is to be paid compensation for the money he has put into that crop—which is likely to be $500 per acre or more—the premium he would pay and the amount of compensation he would receive under a system of crop insurance would be very much greater than in the case of a man who wanted insurance on a wheat crop, for instance. This is because the amount the latter man has put into his crop is less than one-tenth of what he would put in per acre to grow a tobacco crop. In other words, a system of crop insurance would have to be based on regular insurance principles, the higher the value of the crop you are insuring the higher your premium would naturally be, and of course the premium would also be determined by the likelihood of damage in a particular area. One area would have a lower premium than another and the same thing applies at this time to hail insurance in western Canada. We have hail insurance schemes in one section of the country which would run at 5 per cent or 6 per cent, while in another section of the country it could be as high as 22 per cent on account of the greater likelihood of hail, which experience has shown has fallen in a particular area in previous years.

Any system of regular crop insurance will have to be based on factors of that kind, with great variations in premiums according to the differences of crops insured and because of the difference in areas and the likelihood of damage in those areas.

Mr. Boulanger: I know the difference between the Prairie Farm Assistance Act and insurance on crops. I know there is a difference, but I would ask the minister when he intends to institute a system of crop insurance such as the one of which he spoke in Montreal?

Mr. Harkness: As I have stated, we have conducted very intensive studies for many months and we hope to be in a position during the next session of parliament to bring forward legislation. We do not know whether this will be possible or not as yet but we certainly intend to bring it in as soon as we can possibly work out a scheme which would be acceptable in all provinces across Canada.

Clause 1 agreed to.

On clause 2—*Calculation of average yield.*

Mr. Martin (Essex East): I wonder, with regard to clause 2 if I might ask the minister a question. As I understand it, this provides that a farmer or a group of farmers can qualify for an area of six or more adjoining sections or lots rather than an area of one-sixth of a township, as at present. That would seem to be an improvement, as I am so advised. However, a crop failure to a farmer is a tragedy whether or not the adjoining sections are affected, and I wonder if the minister has given consideration—as undoubtedly he has—to this matter and has investigated the possibility of dealing with this clause on an individual farm basis rather than on an area basis. It does not seem fair that someone should be excluded just because there are not enough adjoining sections or lots to qualify, and perhaps the minister would enlighten on this point.

Mr. Harkness: Yes, Mr. Chairman, we have given a great deal of consideration to the matter. If you bring it down to the individual farm basis you really to a considerable extent get into a system of crop insurance and to attempt to do that under this legislation, where you have a 1 per cent levy only as the farmer's contribution and where half the funds are put up by the dominion government, you would very greatly increase the administration costs, which would be out of all proportion to the benefits paid out and to the levy collected. It is not really a practical proposition under a scheme of this sort to bring it down to the individual farm basis.

Mr. Martin (Essex East): The amendment also includes sections that have an average yield of 12 or more bushels. Is this not restrictive? Why is it not possible to provide a system for farms having an average yield of 12 or more bushels and likewise for farms with crop failures?

Mr. Harkness: No, as a matter of fact the chief complaint against the act as it now stands has been that where a farmer had a return of more than 10 bushels per acre he was excluded from payment, but his land was still taken into consideration in determining the average yield in that particular township so that the effect was that if he had, we will say, 15 or 20 bushels per acre as a crop and the other farmers in the township perhaps had no crop, they got a lower payment than would have been the case if his land had not been included in the determination of the eligibility of the township.

This proposal is to get away from that effect by excluding any section—in this case we bring it down to individual sections—from the computation which is made when the section has a yield of more than 12 bushels per acre, and of course we are also excluding them from payment. As I say, it was previously 10 bushels and farmers were not paid but their land, nevertheless, was taken into consideration, or the yield from their land, was taken into consideration in determining what the other people would be paid. Those other people, however, were not paid as much as they were entitled to.

Clause 2 agreed to.

On clause 3.

Mr. Martin (Essex East): With regard to paragraph 2, may I ask the minister what he has in mind where less than 10 per cent of the cultivated acreage of land is sown to wheat. What special circumstances does the minister have in mind to enable another kind of grain to be taken in the place of wheat as the basis of an award? Why is it necessary to tie the act to wheat? Is it for administrative reasons? Is it for the reasons the minister mentioned yesterday with regard to assessment? What is the reason?

Mr. Harkness: I dealt with this to some extent when I was speaking on second reading. The situation is that in considerable areas in northern Manitoba, northern Saskatchewan and northern and western Alberta, the amount of wheat grown is quite small. In some cases there is practically no wheat grown there at all. But you have a situation in some cases such as I described yesterday in which, in a whole township of 36 sections there is only some 40 acres of wheat. Nevertheless, under the act as it existed we had to take that small patch of wheat as an index for determining whether that whole township was eligible for payment or not. The purpose of this amendment is to get away from this situation, and in any township where less than 10 per cent of the cultivated acreage is in wheat we will take whatever is the predominant coarse grain crop, whether it is oats, barley or rye. The reason why the 10 per cent figure was taken is that farmers, generally speaking, put their best land into wheat, so if you have any area in which more than 10 per cent of the crop is in wheat, in nearly all cases the farmer would be better off by taking wheat as an index rather than oats and barley which are quite frequently planted on stubble land—land which has had a crop on it a year or perhaps two years before.

Clause agreed to.

Clauses 4 to 6 inclusive agreed to.

Title agreed to.

Bill reported.

The Acting Speaker (Mr. Rea): When shall this bill be read a third time? Now?

Some hon. Members: By leave.

Mr. Harkness moved the third reading of the bill.

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

ANIMAL CONTAGIOUS DISEASES ACT

AMENDMENTS RESPECTING LIMITS ON COMPENSATION FOR SLAUGHTERED CATTLE

Hon. D. S. Harkness (Minister of Agriculture) moved the second reading of Bill No. C-41, to amend the Animal Contagious Diseases Act.

He said: Mr. Speaker, in introducing this bill to amend the Animal Contagious Diseases Act at the resolution stage, I stated that it has two purposes. One is to permit payment of compensation at market value for cattle ordered slaughtered in controlling an outbreak of a serious animal disease which was not normally present in Canada. The other is to raise the statutory maximum compensation rates for cattle ordered slaughtered in connection with area or herd eradication programs for such diseases as tuberculosis and brucellosis.

Section 11 of the act authorizes the minister to order the slaughter of animals suffering from or exposed to an infectious or contagious disease. Subsection (1) of section 12 authorizes him to order compensation to be paid to the owners of such animals, and subsection (2) of that section establishes the basis of compensation.

If members will turn to the explanatory note accompanying the bill they will find there the present wording of subsection (2) of section 12. It will be noted that the authorized compensation is the market value of the animal except in the instance of horses and cattle, for which maximum compensation amounts are specified by paragraphs (a) and (b).

The amendment, which is to paragraph (b), limits the exception in the case of cattle to those ordered slaughtered pursuant to any area or herd disease eradication program. The effect of this will be to permit payment of compensation at market value in such circumstances as the foot-and-mouth outbreak in 1952. While such circumstances are rare, I am sure the house would agree that in those instances the owners of cattle which are ordered slaughtered in the national interest should receive full compensation for them.

The most important impact of the amendment will be in relation to compensation paid under the tuberculosis and brucellosis eradication programs. At the present time the maximum compensation is $100 for purebred animals and $40 for grade animals. The amendment will increase those maximum figures to $140 for purebreds and $70 for grades. It may help in an understanding of the bill to explain briefly the nature of those programs.

The restricted area plan for tuberculosis was introduced in 1922. Areas are established, usually counties in eastern Canada and municipalities in western Canada, on the recommendation of a provincial minister of agriculture and following a request to him by a majority of the cattle owners in the area. All the cattle in the area are then tested for tuberculosis, reactors are removed from herds and if the incidence of tuberculosis is below one-half of one per cent the area is accredited. There is also an individual herd plan, known as the accredited herd plan, which operates on a somewhat more stringent basis and which is also entered into voluntarily by herd owners.

All sections of all provinces are now included in tuberculosis restricted areas. The programs have virtually eliminated tuberculosis from Canadian cattle herds. As an illustration of that, the incidence of tuberculosis in cattle tested has declined from four per cent at the start of the program to only slighly over one-tenth of one per cent last year.

A similar program for the eradication of brucellosis, or Bang's disease, was introduced in 1957. It operates on virtually the same basis as the area plan for tuberculosis. Most provinces have now requested the establishment of some brucellosis control areas, and the testing has been under way for some months.

In these programs it has never been considered necessary nor, in fact, desirable to compensate owners of reacting animals at their full market value. When an animal reacts to the test the owner is required to dispose of it for slaughter, under post mortem examination, and receives the carcass value of the animal. Also, the removal of reacting animals from the herd is to the owner's advantage as well as in the national interest. For these reasons the act has always placed a maximum limitation on the amount of compensation which can be paid for cattle and this principle is maintained in the present amendment in so far as programs of this nature are concerned.

The maximum compensations now authorized by the act, $100 for purebreds and $40 for grades, have been in effect since 1923. There have been numerous representations to the government from farm and livestock

organizations that these rates are no longer equitable in relation to present cattle values. We have felt that these representations are valid and propose, by the present bill, to increase the maximum compensations to $140 for purebred cattle and $70 for grades.

I should perhaps explain the implication of the last portion of section 1 of the bill which reads:

—and if the sale of the carcass is unlawful an additional amount for purebred and grade animals equal to the value the carcass would have if the sale were lawful.

I mentioned earlier that if an animal is ordered to be slaughtered under the tuberculosis or brucellosis eradication programs the owner is required to dispose of it for slaughter and receives the slaughter value. All such animals are directed to plants operating under federal meat inspection, where they are subjected to veterinary post-mortem examination. When the infection is limited, the infected portions are condemned and the balance of the carcass is eligible for sale.

The effect of the last part of section 1 is that if the infection is sufficiently general as to require the entire carcass to be condemned an additional compensation may be paid to the owner to the value the carcass would have had if it had not been condemned. This provision has been in the act for some time.

Members will note from section 2 of the bill that the amended compensation rates will become effective on April 1, 1958. As I stated earlier we have just recently started testing under the new brucellosis area program. When we accept an area under the program on the recommendation of a province and start testing the cattle in it, our veterinarians move progressively from farm to farm. The owner does not have the privilege of electing when he will have his herd tested. Some, therefore, are tested at the beginning of the operation and some at the end.

We felt that it would be inequitable to have circumstances where some owners who quite fortuitously did not have their cattle tested until after the enactment of this bill may receive a higher rate of compensation than their neighbours who may have had their herds tested a few days before that. It was felt, therefore, that the amended rates should be effective from the first of the fiscal year which also coincides with the beginning of the main activity in brucellosis testing.

I might say that I had representations from a considerable number of hon. members in connection with the last point I mentioned of setting the date when the act will become effective and particularly from the hon. member for Oxford (Mr. Nesbitt). It seemed to me it was only the reasonable thing to do although in general I must say I am very much opposed to retroactive legislation of any sort. But in view of the fact that the program has just started and for the other reasons I mention about inequities that would occur if the date of enforcement were not set back to the beginning of the fiscal year and the beginning of the testing program the April date has been put in the act.

I have gone into these tuberculosis and brucellosis schemes as well as into other matters in some detail because I find there has been and there remains a considerable amount of misapprehension in regard to what the Animal Contagious Diseases Act provides for and the reasons for which compensation is paid for animals ordered to be slaughtered. As I indicated in answer to a question yesterday, the act does not provide compensation for animals which die of a particular disease. It provides for compensation only for animals which are ordered to be slaughtered when it is felt in the national interest they should be slaughtered in order to prevent the spread of a disease.

Mr. H. M. Horner (Jasper-Edson): Mr. Speaker, if I may take the time of the house for a moment I should like to bring to the attention of the house and the minister the occurrence in this country of another disease which I feel we should act upon now and take into consideration in an effort to curb its spread and if possible eradicate it. I refer to what is known as Johne's disease or paratuberculosis in cattle. Today in Canada it is not a very serious matter but it is highly important that we act at this time before the disease becomes widespread across the country. The latest figures in this regard which I have been able to obtain reveal that there are about 25 affected herds, approximately 1,000 head of cattle.

I should like to say something in regard to this disease. It is contagious and affects the intestinal system of cattle. It is quite widespread in Europe, particularly in France and Germany, and in Great Britain and Iceland. It is also found in the United States. An interesting feature of this disease is that it is quite insidious. It sneaks up on a country, as it were. There is a lapse of time of perhaps three or four years between the period when the cattle catch the disease and when the first symptoms are discernible. Another aspect of the disease is that it invariably means the death of the cattle once the symptoms are apparent. Prior to death it can mean a considerable decrease in the production of milk in dairy herds and flesh in beef herds.

To give some idea of the extent of the damage this disease can cause I might mention that it is estimated to be causing damage to the extent of £6 million in the United Kingdom. The government there has set up a control program of sorts. The people in the European countries know most about this disease and on the occasion of a recent seminar at which the problem of Johne's disease was discussed the representatives from the European countries made some definite recommendations. They recommended that if a country is free of this disease it should use very stringent methods with regard to the importation of cattle to ensure that the disease does not enter the country. Unfortunately, we now have the disease in Canada although it could be described as being a minor infection in scattered herds. Another recommendation was that a country should establish a very stringent program of slaughter and quarantine to eradicate the disease as soon as possible.

I do not wish to take up any more time of the house but I can assure any hon. member who may be interested that I have accumulated a considerable amount of data with regard to the disease which I would be pleased to make available to him. May I close by pointing out that this is the time for us to attack and eradicate this disease because particularly in the west where we have community pastures it could become a problem of extremely serious proportions if some effort is not made to curb it.

(Translation):

Mr. J. O. Latour (Argenteuil-Deux-Montagnes): Mr. Speaker, I have the privilege of representing an agricultural constituency of the province of Quebec known for its dairy industry. The people of the riding of Argenteuil-Deux-Montagnes have expanded that industry to an extraordinary degree. I need not recall the organization work which was necessary for the operation of their farms, that is for their mechanization and all the other modern improvements required before they could send their milk to Montreal but I must point out that they have had to face and solve many problems.

To do so, the farmers formed various agricultural organizations, study groups and particularly what is known as the famous milk control which is now the subject of disputes and debates in Montreal and in my riding. The milk producers realized that in their own interest they had to protect themselves against milk distributors in Montreal, and, to that end, they established what is called a zone. This step was of the utmost importance for them but at the same time could entail serious consequences.

I wish to thank the hon. minister for this consideration he has shown for the people in my riding by allowing the brucellosis tests to take place as early as the beginning of June. At present, we find that this disease has spread to some extent; the minister was therefore right in providing for such tests. The losses to farmers of my constituency will be lighter as a consequence.

I understand that the Minister of Agriculture (Mr. Harkness) is now making a special effort to amend this compensation act so as to bring the payments up to $70 for grade cattle and to $140 for purebred stock. However, in view of the fact that farmers will be prevented from buying cattle outside this area, prices have become prohibitive and the Minister of Agriculture will soon have to consider whether the compensation payment should again be changed.

I wished to call the hon. minister's attention to this matter, in order to warn him that next year I shall submit other requests to this effect.

I thank him for his gesture and the interest he has shown in our farmers who fully appreciate the new compensation payments offered them.

(Text):

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, anyone who has had anything to do with the production of livestock throughout the years realizes the excellent work that is being done by those who have had the authority to administer this act across Canada. In my opinion the administration has been continually improved and has brought about a great deal of advantage to farmers and producers of livestock and consumers of their products. I was pleased to note in this amending bill that the government is giving favourable response to representations of various organizations which are concerned with this matter. While the bill in one respect might be considered a piece of minor legislation, it is of great importance to the agricultural industry as a whole. We in this group intend to support the measure.

However, I do want to bring to the minister's attention the fact that the administration of the act and the requirement that the farmer or the cattle producer must have his cattle slaughtered in a licensed packinghouse places some of those farmers and cattle producers at a considerable extra expense. For instance, Mr. Speaker, in my constituency I think in order to reach a licensed slaughter house operating under the regulations that are required under this act the farmer would

have to truck his cattle some 300 miles over the mountains. For some who have cattle in the Lardeau valley, in the Beaver lake district and in the Pend d'Oreille this is a considerable extra expense; so much so that under normal circumstances I would say it would not be worth the farmer's while to truck a few cattle this long distance over rough mountain roads. I wonder whether that problem has arisen in other parts of Canada and whether any consideration has been given to it by the minister and whether he has given consideration to some extra compensation being paid to farmers living under those conditions?

I wonder whether the minister has had any complaints concerning that aspect of the question, or whether any of his officials has had experience with the circumstances of farmers living in isolated districts and long distances from packinghouses, such as I have mentioned, of the type required for the slaughtering of cattle under this act? If so, will the minister consider some form of extra compensation under those circumstances, or would he even consider allowing the cattle to be slaughtered on the ranch under safe sanitary conditions under the inspection of, say, a licensed veterinary inspector or an appropriate official of his department?

I make these few remarks and suggestions because they do represent the experience of some of the farmers and cattle ranchers who reside in my constituency. When the minister replies I would like to hear his comments on my suggestion.

Mr. Speaker: Is the house ready for the question? I must inform the house that if the minister speaks now he will close the debate.

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, the hon. member for Jasper-Edson (Mr. Horner) brought up the question of Johne's disease. I think he has done a service to the house and to the government in bringing this to our attention. It is certainly a matter which I will go into with the director general of the veterinary service, and give very serious consideration as to what steps can be taken in order to eradicate this disease while it is still existing in very small proportions in Canada.

The hon. member for Kootenay West (Mr. Herridge) has just brought up the matter that animals condemned under this act have to be slaughtered in government-inspected plants; that is, as far as brucellosis and tuberculosis control measures are concerned. He said that in some instances in his own constituency there is no plant within 300 miles. He asked whether I had any complaints. I have not had any. This is the first time that this particular matter has been brought to my attention. I would think that there are very few instances, particularly where any considerable number of cattle are concerned, where there would be any such distances the farmers would have to go to reach a plant. In any event, ordinarily cattle going in would be shipped along with other cattle going for slaughter also. I know that the area from which the hon. member comes is in a somewhat isolated valley in British Columbia in which there is no railway transportation and where water transportation has been very seriously curtailed in recent years and therefore the transportation problem for cattle, as well as for most other things, is a rather serious one. I sympathize with him as far as that situation is concerned but it is not a problem which has been brought to my attention before or over which there has been any complaint.

Mr. Herridge: May I ask the minister one question?

Mr. Harkness: We will deal with it in committee.

Mr. Herridge: In view of the fact that there have been very few of these cases apparently and the number of cattle has been very few would the minister, along with his officials, give consideration possibly to making some arrangement whereby some appropriate official of the department could, shall I say, inspect the slaughtering of the cattle and avoid those long distances?

Mr. Harkness: I am always glad to give consideration to representations made by hon. members and I shall certainly be glad to take this matter up with the veterinary service but I would not like to give any definite assurance or have it taken that any definite assurance or promise has been given in connection with the matter because, as I said before, I do not really know what the circumstances are, or whether it is a practical move to do what the hon. member suggests.

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

On clause 1

Mr. Boulanger: I have only one question to ask the minister. I wish to remind him of what I said yesterday. I said that the amounts of $140 for purebred cows and $70 for grade cows were not enough. Would the minister explain how the figures of $140 and $70 were arrived at?

Mr. Harkness: I think the hon. member was asking why the amounts were placed at these figures.

Mr. Martin (Essex East): How you arrived at the $140 and $70.

Mr. Harkness: As far as grade animals are concerned, in the majority of cases where an animal is ordered slaughtered $70 plus the value of the carcass would give a pretty good return. In some cases the return would be higher than the market value of the animal.

With respect to purebreds, as the hon. member knows, some purebred animals run up to many thousands of dollars apiece and I think it is not a practical proposition to ask us to determine what the particular value is in the case of such animals. If you pay compensation at the rate of $140 a head, that amount plus the value of the carcass brings you pretty close to the average value of most purebred animals. If it is a particularly good animal that is not so but, as I say, if we were to try to determine what the value of a particularly good cow was it would lead us into all sorts of difficulties.

The hon. member was not here something over a year ago when, as the hon. member for Essex East will remember, we had a great deal of difficulty over determining the value of sheep. An inquiry was made by the agricultural committee as a result of charges made by one or two members of the house, which charges were not vindicated by the committee. Nevertheless, this has been something that has caused trouble for some years past and a great deal of talk which was not justified. If we had to do this in the case of every cow slaughtered under the brucellosis and tuberculosis testing programs we would really be faced with an impossible problem.

Mr. Martin (Essex East): What the minister has just said is historical but it is of some interest because it is a confirmation of the stand taken by his predecessor. Charges were levelled at that time that this particular individual who received compensation in the neighbourhood of $100,000, I believe, was a political partisan and so on and so forth. Of course, subsequent events prior to the last election indicated that the political convictions of the gentleman in question certainly were not as had been alleged. Have there been any large scale slaughterings of herds with consequent compensation under the act since the minister came into office?

Mr. Harkness: The veterinary director general informs me that the number of animals condemned during the last year was not very great. No whole herds have been condemned. Of course, a certain percentage of the animals tested for brucellosis have been condemned but just about the number that one would expect. As I indicated in speaking on second reading, the number condemned for tuberculosis is very small now.

In connection with the question asked by the hon. member for Kootenay West, the veterinary director general informs me that what the hon. member has requested should be done has been done for some time now. If an animal is condemned in an isolated area the veterinary who condemns the animal is authorized to have the animal slaughtered and carry out a post mortem on the spot. Compensation is then paid on the basis of the post mortem report. He informs me that the only difficulty that arises under these circumstances is that the farmer has to dispose of the carcass, which in some cases presents a little difficulty.

Mr. Herridge: I am very glad to hear the minister's remarks in that respect. We have not had any of these cases in recent years. I remember that some years ago some small farmers suffered considerable losses. I am always in favour of doing what we can for those who are farming in isolated sections and who, by operating their farms, are performing a service in keeping the country opened up and in pioneering the establishment of other farms in the area. However, I do think that in our area it may be somewhat difficult on occasion to get a veterinary surgeon from the department. I am not sure whether there is one in our district at the present time.

Mr. Harkness: I might say that this only applies when a tuberculosis or brucellosis testing program is under way and in order to carry out such a program you have to have veterinaries there. You have to bring them in for that purpose. Therefore the veterinary who was there had tested the herd for brucellosis, we will say, and found two or three animals that had to be condemned would, if it were an isolated area, have them killed, would examine them and compensation would then be paid.

Mr. Herridge: The minister referred to the disposal of the meat. That would not be any problem in such an area because there is always a local market. I am very pleased to get that explanation.

Clause agreed to.

Clause 2 agreed to.

Title agreed to.

Bill reported.

Mr. Speaker: When shall this bill be read the third time? Now, by leave?

Some hon. Members: Agreed.

Mr. Harkness moved the third reading of the bill.

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

SUPPLY

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

DEPARTMENT OF AGRICULTURE

1. Departmental administration, including advisory committee on agricultural services, $674,164.

Mr. Chevrier: I wonder if the minister would reply to a few questions concerning the matter which came up earlier, one Walter Mitchell. I do not propose to debate it at any length in view of the shortness of time, but perhaps the minister would tell me, first of all, upon whose recommendation Mr. Mitchell was dismissed because of political partisanship.

Mr. Harkness: As I indicated in answer to the hon. gentleman's starred question this afternoon, it was on my recommendation and order. When I had placed before me all the circumstances concerning this case, which I outlined very briefly this afternoon, it seemed to me there was no question whatever but that I had no option except to dismiss this man. As I indicated, he had been securing contraband goods from the ships which he had been inspecting as an inspector of the department, and this puts the department in an extremely bad position to have things of that sort occurring. I think there is no question at all but that the man had to be dismissed. As soon as I learned of this, I did dismiss him.

Mr. Chevrier: I take it that there were two reasons for dismissal, first, the political reason, and I take it that it was on the recommendation of the minister, and the second the possession of contraband liquor and cigarettes, as the minister stated. With reference to the second, may I ask this additional question? When did the minister ascertain about the contraband liquor?

Mr. Harkness: Not having the documents in connection with this matter before me, I cannot remember exactly when that came to my attention. In any event, I did receive a report along those lines.

Mr. Chevrier: May I ask the minister, then, if any prosecution was instituted against this man because of the charge the minister made this afternoon?

Mr. Harkness: No, Mr. Chairman, it was decided not to institute a prosecution in this particular case.

Mr. Chevrier: May I ask why?

[Mr. Speaker.]

Mr. Harkness: One reason was that we did not want publicity. I am sorry the hon. member asked these questions. We did not want publicity given to the fact that an inspector of the department had been engaged in these practices.

Mr. Chevrier: May I inquire from the minister as to whether or not this man is a casual employee who works during the navigation season, that is from the opening of navigation in April until the closing of navigation in December?

Mr. Harkness: That is correct, yes.

Mr. Chevrier: The information about the possession of contraband liquor came to the attention of the minister, according to his statement this afternoon, on November 29?

Mr. Harkness: No, it was on November 29 that the man was found in possession of these contraband goods, just about the end of the navigation season, as the hon. member knows. However, the matter did not come to my attention until some two or three months ago. I have forgotten exactly when it was, but it was shortly before the man was dismissed.

Mr. Chevrier: If this contraband liquor was in his possession on November 29, can the minister say whether or not he was still a casual employee performing his duties or whether he had ceased his casual work? Was it during the navigation season?

Mr. Harkness: I cannot answer that question precisely. It was either just at the end of the season or just after the end of it. It was in that period. As I say, the information did not come to the attention of my officials and myself until considerably later.

Mr. Chevrier: The minister says the information did not come to his attention until considerably later, I think he said about two months ago?

Mr. Harkness: I have forgotten how many months ago it was.

Mr. Chevrier: I am not going to hold the minister down to dates, I can assure him about that immediately. But I should like to get as much information as I can, as accurately as I can. Since the minister has not the papers with him now, I would appreciate it if, at this time, he could give me the additional information I require. If he cannot, I will be willing to wait until another occasion. Is it accurate to say that this matter came to the minister's attention about two or three months ago?

Mr. Harkness: The exact time, I do not know. I have forgotten the date now when the man was dismissed. As the hon. member knows, having been a minister, all the little

details, and particularly dates, do not stick in one's memory. There are too many other things with which to deal.

Mr. Chevrier: I realize that.

Mr. Harkness: I am not in a position to say precisely that this or that happened in connection with this case.

Mr. Chevrier: I realize all the details cannot be kept in the minister's mind. On the other hand, this man's position has been prejudiced. He has been dismissed, and I think the house will be entitled to certain information in connection with that.

As I said earlier, I do not want to hold the minister to any dates. I wonder if, at another sitting of the house, it would not be possible for him to give me the exact information. If he wants to put on the record any affidavits or other information he has, I am quite happy that he should.

Mr. Harkness: I shall get further information with regard to this matter, Mr. Chairman.

Mr. Fisher: I have not been able to distinguish from the minister's earlier statement whether or not this dismissal was necessitated completely by the fact the man was found with contraband, or whether the fact he had some political relationship with the hon. member for Laurier had already brought him to the department's notice. Are one or both of these factors involved?

Mr. Harkness: It was on both grounds. As a matter of fact, complaints, as I said in answer to the hon. member's questions this afternoon, were made to me as a result of this man's political activities on behalf of my hon. friend. I ordered an investigation into the matter, and as a result this other information which I have mentioned concerning the contraband came to light.

Mr. Fisher: Does the decision in relation to the man's political activity indicate the minister feels no member of his department at any time should take part in any political activity?

Mr. Harkness: I feel, Mr. Chairman, anybody who is employed by the dominion government should not be taking an active part in politics. This is forbidden in the Civil Service Act, and a man who does take an active part in politics knows he is subjecting himself to dismissal.

Mr. Fisher: The difficulty there is in defining what is active politics. I just wonder whether the minister could tell us that. Does he mean by active politics, the holding of a membership in a party?

Mr. Harkness: I mean overt and active political activity. In this case, there was no question about that. I not only have affidavits, if the hon. member is looking for affidavits, but I have pictures of this particular man in the hon. member's committee room, evidently in charge of the political activities there.

Mr. Fisher: Just on that point, I would imagine anyone who has a committee room could have a civil servant drop in to give information, such as whether or not he is on the voters' list, something of that kind.

Some hon. Members: Oh, oh.

Mr. Fisher: I hope that those laughs are coming from eastern members who tend to be sceptical about politics, and not from western members who tend to be a bit more practical. It does seem to me that it should be accurately defined as to what you have in mind when you say active politics, and if the minister needs advice I suggest he consult with the Minister of Public Works who, I understand, is becoming an expert in these matters.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I ask the house leader what the business will be tomorrow?

Mr. Green: Tomorrow we shall commence with the discussion of the bill to provide for the resumption of the British Columbia coast steamship service and when that has been concluded through all stages we shall revert to the estimates of the Department of Agriculture.

On Friday we plan to have a debate on external affairs and a motion will be made by the Secretary of State for External Affairs referring the estimates of his department to the committee on external affairs. Under the rules such a motion is not debatable, but by agreement between the parties it is to be debatable on Friday and the debate is to last for one day.

Mr. Chevrier: Does the leader intend to put a notice of motion on the order paper?

Mr. Green: A notice of motion has been handed in this afternoon and should appear in *Votes and Proceedings* tomorrow.

Mr. Chevrier: Will the house leader tell us what we will do on Saturday?

Mr. Green: We shall be considering estimates, starting with the estimates of the Post Office Department and then taking the estimates of the Department of Veterans Affairs.

Mr. Chevrier: No agriculture on Saturday?

Mr. Green: Not on Saturday, no; the Minister of Agriculture will not be here on Saturday.

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

HOUSE OF COMMONS

Thursday, July 24, 1958

The house met at 2.30 p.m.

COMMITTEES OF THE HOUSE

RAILWAYS, CANALS AND TELEGRAPH LINES—FOURTH AND FIFTH REPORTS OF STANDING COMMITTEE—CONCURRENCE IN FOURTH REPORT

Mr. G. K. Fraser (Peterborough) presented the fourth and fifth reports of the standing committee on railways, canals and telegraph lines, and moved that the fourth report be concurred in.

Motion agreed to.

Third report of standing committee on banking and commerce.—Mr. Cathers.

Third report of standing committee on agriculture and colonization.—Mr. Stanton.

LIVESTOCK

ANNOUNCEMENT OF FEDERAL ASSISTANCE IN MOVEMENT OF ANIMALS AND FODDER

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, I wish to make an announcement with regard to dominion government assistance in the movement of fodder into the drought areas of Manitoba and Saskatchewan and the movement of livestock out of these areas.

Some three to four weeks ago the situation in these drought areas looked extremely serious, and it appeared at that time that very large quantities of feed would have to be moved in and a very large liquidation of livestock would have to take place. Fortunately, during the past two to three weeks widespread rains have greatly improved the feed situation. However, it appears that a considerable movement of both fodder and livestock will still be necessary.

The government has decided to participate in emergency programs to aid farmers and ranchers hard hit by drought on the prairies. One-half of the freight assistance now being offered by Manitoba and Saskatchewan will be paid by this government, and the policy will be effective as of July 1, 1958. Both provincial governments have undertaken to help farmers in the stricken areas in the shipment of haying equipment, fodder and livestock.

Canadian National Railways and the Canadian Pacific Railway will reduce by one-third existing freight rates on hay and straw moved into drought areas and on livestock moved out of these areas up to a maximum of $10 a ton, from August 1 to April 1 next year. I wish to express my appreciation to the railways for agreeing to participate in these drought relief measures. The western provinces will negotiate with trucking companies for rate reductions similar to those agreed to by the railways.

Hay shortage in affected areas in Saskatchewan is estimated at 100,000 tons and in Manitoba at 15,000 tons. There is some surplus hay in certain northern areas of both provinces and in Alberta. It is hoped that this will be sufficient to meet the needs, but it may be necessary to import some hay from adjacent parts of the United States.

The Saskatchewan relief program went into effect June 16 and the Manitoba program followed on June 23. Both provinces are paying full railway freight for the round trip when equipment is moved to where hay is harvested. When trucks are used, 50 cents per mile is paid one way only. In Manitoba a 25-mile limit is stipulated and in Saskatchewan the limit is 30 miles. On homeward movement of fodder, provided the distance is more than 25 miles, Manitoba is granting 5 cents per ton mile up to $8 per ton. If fodder is moved by rail, two-thirds of the freight is paid to a maximum of $10 per ton. The railways, of course, will be absorbing the other one-third.

In Saskatchewan 5 cents per ton mile is paid on harvested fodder moved by truck provided the one-way distance is 30 miles or more and up to a maximum of $7.50 per ton. Half the railway freight on harvested and purchased fodder is paid to a maximum of $10 per ton. However, there is a Saskatchewan stipulation that 4 cents per ton mile will be paid on hay that has been purchased provided the one-way distance is 30 miles and up to a maximum of $7.50 per ton.

In both provinces, when livestock is moved out of the drought areas for pasture or winter feeding, freight assistance is granted. Manitoba pays 2 cents per head per mile on the one-way distance for cattle and horses over one year old, and 1 cent per head per mile for cattle and horses under one year and sheep of all ages. Saskatchewan grants 2 cents per mile per head on the one-way distance for cattle over one year and 1 cent for cattle under one year.

Inquiries of the Ministry

Fear of heavy liquidation of breeding stock with resultant losses to owners and long-term damage to agriculture in the drought areas, together with some general depression in livestock market prices, prompted the decision on federal aid.

OLD AGE SECURITY

INQUIRY AS TO REPORT OF DR. ROBERT CLARK

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, may I ask the Minister of National Health and Welfare if he is aware of the fact that today is the six-month anniversary date since Professor Huson, who had been commissioned by the government to examine into the old age and survivors system in the United States, announced to the country and to the Prime Minister his inability to make his report within the period prescribed by the government of the day? Pursuant to the announcement made by the Prime Minister on January 24 last that he had to accept Professor Huson's resignation because of the limitation of three or four months in which to make the investigation—

Some hon. Members: Order.

Mr. Martin (Essex East): —may I ask the Minister of National Health and Welfare if the report has been prepared, if it is now in his possession, and if the commitment made to the country by the Prime Minister in this respect is going to be lived up to?

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Speaker, of course all commitments made to the country will be lived up to. The report has not been presented to me yet. I have not got it in my possession but, as I explained to the hon. member for Essex East in the house only a short time ago, preparation of the report is progressing very satisfactorily.

Mr. Martin (Essex East): May I ask the Minister of National Health and Welfare why he says the commitment has been lived up to when this is the six-month anniversary date?

An hon. Member: Twice as long.

Mr. Martin (Essex East): Another election promise discarded.

Mr. Hees: You started in 1919.

Mr. Martin (Essex East): Election promises don't mean anything.

Mr. Hees: You never quite made it.

[Mr. Harkness.]

LABOUR CONDITIONS

UNEMPLOYMENT—BUREAU OF STATISTICS SAMPLING PROCEDURES

On the orders of the day:

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, yesterday the hon. member for Bonavista-Twillingate asked me whether any changes have been made in the sampling procedures for arriving at the dominion bureau of statistics figures, and I took the question as notice. The answer is that no changes have been made.

BRITISH COLUMBIA—REPORTED REMARKS OF PROVINCIAL MINISTER

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): I should like to direct a question to the Minister of Labour. Has the attention of the minister been drawn to a report in this morning's Montreal *Gazette* which states that the British Columbia minister of labour charges "the federal government with an obvious attempt to bypass the provinces in seeking a solution to unemployment problems"—

Mr. Speaker: Order. I take it that this is a reference to the matter which is to come before the house later today?

Some hon. Members: No.

Mr. Winch: —and a further charge by the provincial minister "that the provinces were not given an opportunity to make submissions". Has the minister any comment to make on the charges by the minister of labour of British Columbia?

Hon. Michael Starr (Minister of Labour): This conference on winter unemployment was called, Mr. Speaker, and all the provinces were invited to participate. As a result there were nine provincial ministers of labour in attendance, and one who was ill and could not attend had his representative there. All the labour ministers representing the provinces had an opportunity to discuss fully, in committee, all aspects of this problem. They had full opportunity to put forth any suggestions they had. The chairmen of these committees summarized the findings and submitted them, or will submit them, in final form to me for consideration by the government. The charge, therefore, which the hon. member says appeared in the newspaper I would say is not true, because every opportunity was given for participation in this conference and for any recommendations by the provinces.

CANADIAN NATIONAL RAILWAYS

QUEBEC—STATEMENT ON SUSPENSION OF FAST TRAIN CONNECTION

On the orders of the day:

Hon. George H. Hees (Minister of Transport): Mr. Speaker, some days ago the hon. member for Chapleau made an inquiry regarding the proposed change in train service between Montreal-Quebec and Senneterre-Noranda. The hon. member for Villeneuve also raised the question. I am advised by the board of transport commissioners that as the proposed change is scheduled to take place on August 10 arrangements were made immediately to send an inspector of the board to Noranda and Senneterre and meetings are actually to be held in these two cities today in this connection. I understand that all interested parties in the areas have been notified of the meetings.

EXTERNAL AFFAIRS

ALASKA—STATEMENT ON PROPOSED HIGHWAY FROM U.S. VIA ALBERTA

On the orders of the day:

Hon. Sidney E. Smith (Secretary of State for External Affairs): Mr. Speaker, on July 16, Wednesday of last week, the hon. member for Kootenay West addressed a question to me. In order to give the house some appreciation of my reply I am obliged to read part of the question:

In view of the report in the *Financial Post* of July 12 to the effect that Alberta highways minister Taylor flew to Washington some time ago to encourage Washington to build a link to Alaska from the United States via Alberta and the Alaska highway, and in view of the fact that this proposal is in opposition to the proposals being made by the government of British Columbia, would the minister inform the house if these proposals by the representative of a province are being made after consultation with the Secretary of State for External Affairs?

The answer to that part of the question is no. There has been no consultation. The second question was, "Is this procedure regular, according to protocol?" I would say in reply to that question that there are no prescribed and definite rules with respect to protocol. Protocol depends upon good judgment, and the decision in a particular case must be considered in the light of the good sense of the persons concerned in every instance.

SPORTS

SOFTBALL—ANNUAL GAME BETWEEN MEMBERS AND PROTECTIVE STAFF

On the orders of the day:

Mr. John MacLean (Winnipeg North Centre): Mr. Speaker, I have a question I should like to ask the Prime Minister. In view of the fact that members of the house acquitted themselves so nobly on the field of athletic endeavour last night, has the Prime Minister considered the possibility of applying on their behalf for a franchise in the international baseball league?

IRRIGATION

SOUTH SASKATCHEWAN RIVER—INQUIRY AS TO PROGRESS OF DISCUSSIONS

On the orders of the day:

Mr. C. O. Cooper (Rosetown-Biggar): I should like to direct a question to the Minister of Agriculture. When will the agreement on the Saskatchewan river dam be signed?

Hon. D. S. Harkness (Minister of Agriculture): It will be signed tomorrow morning.

HOUSE OF COMMONS

REQUEST FOR EXTENSION OF MONITOR SYSTEM

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): I should like to direct a question to the Prime Minister. In view of prior utterances of the Prime Minister in this house to the effect that here he is among his peers, can the Prime Minister inform the house what consideration is being given to extending the privilege of an office monitor on Commons debates to others of his peers, including ministers, the Leader of the Opposition and the leader of the C.C.F. group?

Right Hon. J. G. Diefenbaker (Prime Minister): I think the suggestion, Mr. Speaker, is one that deserves attention. I am particularly impressed with the suggestion on behalf of the Leader of the Opposition. If the hon. gentleman is in a position to speak with authority on his behalf I would say that certainly is something that deserves immediate attention.

REFERENCE TO AIR CONDITIONING SYSTEM IN CHAMBER

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I wanted to ask the house leader whether it is true that since air conditioning units have been installed in the ministers' offices—and I understand they have been established there—the air conditioning in this chamber has been dispensed with?

Hon. Howard C. Green (Minister of Public Works): So far as I know, Mr. Speaker, no air conditioning units have been established in any of the ministers' offices. Certainly there is none in my own. May I say that

there is something to be said for not improving the air conditioning in the Commons chamber.

Mr. Pickersgill: I have a supplementary question. Would the minister consider not improving the air conditioning but restoring it to what it was in happier days?

Mr. Green: Mr. Speaker, I checked this matter with the officials of the Department of Public Works some days ago, and they tell me there is a great deal more hot air in this chamber now than there was before.

Mr. Pickersgill: With 208 Tories.

Mr. Green: I might add, Mr. Speaker, that the information I get from the experts is that it is all coming from across the way.

INDUSTRY

INQUIRY AS TO ESTABLISHMENT OF COMMITTEE ON SMALL BUSINESS

On the orders of the day:

Mr. D. R. Mitchell (Sudbury): May I direct a question to the Prime Minister. Has a committee, as suggested in the speech from the throne, been established as yet to inquire into small business? If not, when can we expect that to be done?

Right Hon. J. G. Diefenbaker (Prime Minister): I have not a copy of the speech from the throne here, but in so far as small business is concerned every investigation is being made to the end that small business shall receive the implementation of the terms in the speech from the throne.

Mr. Mitchell: That is not exactly the question I asked. I asked if a committee has been set up as yet.

Mr. Diefenbaker: I can say no committee has been set up as yet, but the matter is being investigated by the experts. Here is the reference in the speech from the throne:

> In order to assist small business, there will be established a small business section within the administrative machinery of government.

Hence the question, of course, surprised me in that reference was made to a committee. In the speech from the throne no reference was made to a committee.

Mr. Martin (Essex East): Can the Prime Minister say what department of government will be charged with responsibility in this matter?

Mr. Diefenbaker: That matter is still under consideration as between two departments of government.

[Mr. Green.]

BUSINESS OF THE HOUSE

INQUIRY AS TO CONVENING OF STANDING COMMITTEE ON PUBLIC ACCOUNTS

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): I desire to direct a question to the Prime Minister. I direct it to him because it may involve government policy and because I think the house would like to have a definite answer. Will the public accounts committee be convened this session? If so, when? If not, why not?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, certainly the public accounts committee will be convened, and at the earliest possible date.

REQUEST FOR ANSWER TO QUESTION ON ORDER PAPER

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I do not know to which minister to direct this question; it may involve more than one. On May 29 I placed on the order paper a question, No. 43, relating to certain expenditures of government departments. I wonder whether I could have any indication as to when it might be answered.

Hon. Ellen L. Fairclough (Acting Secretary of State): Mr. Speaker, I shall inquire into that matter for the hon. member.

PUBLIC SERVICE

PREVAILING RATE EMPLOYEES—INQUIRY AS TO EARLY CLOSING DUE TO HEAT

On the orders of the day:

Mr. Frank Howard (Skeena): I should like to direct a question to the Secretary of State or in his absence to the minister acting in his behalf. Would the Secretary of State or the Acting Secretary of State inform the house whether the privilege extended to civil servants of early closing of the work day during times of excessive heat is also extended to prevailing rate employees; and if not, why not?

Hon. Ellen L. Fairclough (Acting Secretary of State): Mr. Speaker, that is a matter into which I shall have to inquire. I was under the impression that it was so, but I shall be glad to find out for certain and inform the hon. member.

CANADIAN PACIFIC STEAMSHIPS

BRITISH COLUMBIA—LEGISLATION PROVIDING FOR APPOINTMENT OF ADMINISTRATOR

Hon. Michael Starr (Minister of Labour) moved the second reading of Bill No. C-42, to

provide for the resumption of the British Columbia coast steamship service operated by the Canadian Pacific Railway Company.

He said: Mr. Speaker, the purpose of this bill is to bring about a settlement by agreement of the differences between the parties to this dispute which has, of course, a long history.

We have been directly interested and concerned in this matter, as I told the house yesterday, since July of 1957, but its origins date back considerably beyond that time. The question is now being brought before parliament in this way because of very special circumstances not usually present in a normal impasse between labour and management. Among other circumstances are, of course, the extreme hardship to which a substantial number of Canadians who are in no way parties to the dispute are being subjected by the failure to reach agreement between the company and a part of its employees. It might be well at this point to emphasize that over half the employees of the company have signed a two-year agreement providing for an 8 per cent increase in pay. It is the difference between the company and the remainder of its employees which creates the present situation.

The hardship imposed on those who are not directly involved is very real. It is not merely a matter of inconvenience or discomfort to them; in many cases the livelihood and welfare of both individuals and communities are threatened. As a matter of fact, it is not too much to say that for many it involves serious problems in their supply lines for the necessities of life.

In this situation the government is faced with two alternatives. We can either do nothing, allow the strike to take its course and at the same time allow these communities to suffer, or we can take positive action to bring home to both parties the seriousness of the situation and provide new procedures under the authority of parliament which will supply a new initiative and, perhaps, a new climate in which settlement by agreement may be reached.

The bill provides, in the interim, for the immediate resumption of this essential service by the appointment of an administrator with the necessary powers. In effect the bill ends the strike so far as its impact on innocent bystanders is concerned, but it provides for the resumption of negotiations between the parties vitally concerned within the existing rights of each. To this extent it may be said to reactivate the normal procedures of collective bargaining which have broken down after 12 months of almost continuous settlement attempts.

Yesterday I gave the house a resume of these attempts and indicated the many steps which have been taken by the Department of Labour to bring the parties together through the good offices, first of the conciliation officer, then of a board of conciliation, then of an industrial commission of inquiry and, finally, of the minister himself, in personal intervention and direct talks with the principals of both parties.

The situation has been further complicated by a dispute which tied up the only alternative water communication between the mainland and a number of island communities. That is now before the courts, and I will say no more in this connection except that the uncertainty of this situation is one of the factors which was taken into account before a decision to introduce this bill was reached.

In addition to appointing an administrator and providing for the renegotiation of differences, this bill also makes provision for the establishment of an additional procedure in the event that the dislocation of vital communications and the resulting hardship to large numbers of people develops into emergency proportions. I do not predict, Mr. Speaker, that this will happen. The government will use every resource at its command to prevent it from happening. But should it happen the consequences would, in our opinion, be tragic if all we could say to those who were suffering was that our hands were tied and that there was nothing we could do about it, whether because parliament was not in session or for some other reason. That would be the position if this bill were not to have the assent of parliament, because—and I wish to emphasize this—we have already availed ourselves, and so have the parties to the dispute, of every statutory provision now existing for reaching a settlement.

The bill, therefore, provides that the parties themselves, if they wish, may refer any matter on which they are unable to agree for decision by an independent board. It will also be possible, as a last resort, for the governor in council to refer any matter to the board under emergency conditions. The board would be empowered to act within the limitations of the revision or amendment of the existing collective agreement, either at the request of the parties or by the decision of the governor in council.

The bill also provides that the governor in council may make regulations to give effect to the decision of the arbitrator. The bill includes provisions to safeguard the right of employees who may have gone on strike to return to work without fear of being discharged from their employment because of

the strike action. It provides for the immediate withdrawal of the notice of strike, which will become invalid when this bill becomes law.

Many members of the house represent areas which because of their geographical situation could not be as vitally affected by a strike of this kind as the residents of the British Columbia communities in question. I need hardly say that many of the problems which face us as Canadians are geographic, and this is particularly so in matters involving vital communications. It is for this reason, of course, that the question of the proper limitations and responsibilities affecting government intervention very often arise in the communications field.

In the case of British Columbia on the one hand and our eastern maritime provinces on the other, the disruption of water communication over an uncertain and extended period can have widespread and serious results. In moving the second reading of this bill, I think I may properly request the sympathetic consideration by all members of this special aspect of the problem which underlies the bill before the house.

In conclusion, it may be well to explain to the house that there is an immediate provisional 8 per cent increase in the rate of wages. This will have the effect of providing a wage increase for the group of employees who will now go back to work, in line with the increase granted to the majority of their fellow employees, under the two-year contract effective June 1 of this year. This in no way prejudices the position of either party in the negotiations which will now continue.

I should advise the house that I will be asking one of my colleagues to move an amendment at the appropriate stage to provide that instead of a reference at the request of the parties or otherwise to a single person, the reference will be to a board of three, and this amendment will be made to clause 7.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, the bill which is before the house, and it is certainly a bill of an unusual character, is based on a resolution which was introduced in this house yesterday afternoon. Because of the urgent consideration which was requested, quite rightly, that resolution was passed through all its stages in this house in a couple of hours. The bill was then printed overnight, placed in the hands of hon. members this morning at about ten o'clock, and we are debating second reading of the bill at 3.15 this afternoon. Surely, therefore, there can be no suggestion that the opposition is holding up this bill or showing any other consideration than that of awareness of the urgency of the problem.

[Mr. Starr.]

Nevertheless, we have our responsibilities to discharge in connection with this bill, and we intend to do that. Incidentally, when I say the bill was in the hands of hon. members at ten o'clock this morning I should add in fairness that it was in my hands in mimeographed form last night at approximately seven o'clock. I appreciate that courtesy, which I assume was also extended to the leader of the C.C.F. party.

The chronology of this unhappy business of a labour dispute which began, as the Minister of Labour has just reminded us, over a year ago and of a strike which began on May 16, is a monument to an inept governmental performance of which British Columbia has been the victim. As we see it—and there is a great deal of evidence to support the view and I hope to produce some of it—this procedure has exhibited a careless unawareness of a labour problem which was permitted to develop into a crisis, and which has created loss, distress, great inconvenience and business dislocation to an important section of the Canadian people. In the words of the minister himself it has caused "extreme hardship", and it has caused that extreme hardship not for days but for a good many weeks.

The question then that faces us in this house is this. Does the public interest which must be paramount now, require the end of this strike by legislative action of the kind suggested, with a renewal—and this is certainly indispensable—of the process of collective bargaining in some form?

Certainly the situation, as I have said, has been serious in British Columbia for a good many weeks now. I have read, and the information is no doubt founded in fact, that the strike has already resulted in the loss of $2 million to the tourist industry alone on Vancouver island, and that 30,000 tourist reservations in that island have been cancelled this summer. I suppose it is too late now to restore the position of the island in that regard.

I submit that an energetic and determined effort to solve this problem, not days ago but weeks ago, would in all probability have prevented what the minister has called this extreme hardship. Certainly it is true, as he has suggested, that Vancouver island has been effectively cut off from the mainland so far as Canadian water transportation is concerned or, as perhaps the people in Vancouver island might prefer to put it, the mainland has been cut off from Vancouver island. That is a situation, of course, that somehow must be ended even at this late date; and I take it this bill is designed—but as we see it not well designed—for that purpose.

We submit that if the right kind of action had been taken earlier it likely would not have been necessary to produce this kind of bill or indeed any bill. It would not have been necessary to rush it through parliament in a few hours after the bill was printed, without sufficient opportunity to study it and to consider whether amendments could be drafted to make it a better bill for the purpose in mind.

I have been informed that one hon. member of this house, the hon. member for Vancouver-Burrard, in a telephone radio statement last night has criticized the opposition for obstruction and holding up this bill, for delay, when the bill was in the boxes of hon. members at ten o'clock this morning and we are debating second reading at 3:15 this afternoon. I do not think anybody is likely to be very much impressed by that kind of argument.

We are now faced with the situation that has been created, and we agree that in view of that situation water communication between the mainland and the island as a public service—because it is a public service, however it may be conducted—must be restored. We will not, therefore, oppose the bill, but we will certainly condemn the government for allowing a situation to develop which makes this bill necessary because of urgent practical considerations which makes this kind of hasty emergency legislative action necessary, the kind of action that should only be required of this house in times of great national emergency. Perhaps when we reach the committee stage we will be able to submit some changes in the light of the discussions that have taken place which will improve the bill. We will have to consider that as the discussion proceeds.

Let us look at the situation, Mr. Speaker. This strike, as I said, began on May 16 and is now in its 69th day. The seafarers' international union, a union which has more than once in recent years been the centre of controversy, representing 303 employees of British Columbia coast steamships, called its members off their jobs following the failure to reach an agreement with the company. The principal issue of course was, and remains one, of wages. As the Minister of Labour pointed out to the house yesterday afternoon, and he mentioned it again this afternoon, negotiations began with this union in the summer of 1957 and the existing contract expired, I think, on September 15, 1957.

No progress was made during those negotiations between the company and the union and on July 29 of last year, at the request of the union, the Department of Labour, as the minister has pointed out, appointed a conciliator who met with the parties to the dispute I believe on five occasions. The conciliator reported on August 30, 1957, to the Minister of Labour that he had failed in his efforts to bring about an agreement; therefore a conciliation board was appointed at that time by the minister.

That board began its hearings on October 28 last. It filed its report with the minister on February 11 of this year. As the minister knows, three members of the board agreed unanimously on the recommendations covering 13 items in dispute, and the chairman of the board and the representative of the employer agreed on recommendations, I think, covering 10 other items in dispute; but in the matter of wages, which was the most important matter before the board, each member made a separate recommendation. The minister was good enough to put on *Hansard* yesterday what those recommendations were.

The chairman recommended a two-year contract; that wages be increased as of Septemper 15, 1958 by 16 per cent in the first year and 9 per cent in the second year, or a total increase over the term of the contract of 25 per cent. The employer representative —and this is interesting in the light of what is happening now and what is provided for by this legislation—recommended an increase of 12 per cent in the first year and if the agreement was to extend into the second year, a second increase in that year of 8 per cent, I believe.

Mr. Starr: Five per cent.

Mr. Pearson: Five per cent, or a total of 17 per cent. The employee representative recommended something that I think would have given in terms of percentage about a 31 per cent increase over the period of the contract. Well, these recommendations of the board were rejected, and following that rejection the government on May 27 of this year appointed a commissioner of inquiry, Mr. Eric Taylor, who failed to bring about a settlement.

Surely, Mr. Speaker, May 27 of this year was the time when the government should have stepped in, or just after May 27, when the commissioner of inquiry reported that he had been unable to bring about an agreement; but that did not happen. The commissioner was asked to go back and try again. He failed and recommended voluntary arbitration, a recommendation which I understand was accepted by everybody but the seafarers' international union. There is a strike not only of this union but also of members of the association of marine engineers and the merchant service guild, and I shall do no more than just mention that fact.

Canadian Pacific Steamships

Now, Mr. Speaker, for over six weeks in this house the opposition asked a good many questions of the government as to what they were going to do both to recognize the seriousness of this situation and what they were going to do about it. I have those questions before me. Incidentally, there was only a single Conservative member in this house from British Columbia who asked a question on this subject during this period, and that question was asked by the hon. member for Victoria last May.

Why, Mr. Speaker, as I mentioned in the house yesterday, we were told as late as Tuesday of this week by the Minister of Labour—after the Canadian Press had indicated that legislation was going to be introduced—merely that the government was giving serious consideration to the matter. That was said in answer to some questions asked by the hon. member for Laurier. Why, nine days ago on July 15, according to the press, the Prime Minister wrote to the president of the associated members of commerce of Vancouver island to the effect that the government was restricting its efforts to mediation. Presumably at that late date there was no suggestion to the parties in dispute that legislation might have to be introduced by the government.

We did not take very much time yesterday in discussing the resolution, but we did take enough time to try to find out whether the parties to this dispute had in fact been informed in advance that in default of agreement there would have to be legislation. Surely, Mr. Speaker, this is a very important matter. It has a very important bearing on the possibility of settling this dispute without legislative interference. When we asked this question yesterday the Prime Minister said, as reported at page 2578 of *Hansard*:

I think it was made very clear that unless some amicable agreement was arrived at it would be necessary for the parliament of Canada to act.

Shortly afterward, on the same page of *Hansard*, the Minister of Labour said the government had not given any intimation during the discussion that any such action would be taken. But having said that, he went right on in the same intervention to say, and I quote from page 2579 of *Hansard*:

—but we did point out that if the parties did not arrive at a solution themselves action would have to be taken.

Well, that statement in its two parts seems to me to be contradictory and therefore somewhat confusing. That statement was supplemented by the minister a minute or two later, when he said:

This particular action was discussed last night in all aspects with one of the parties interested.

[Mr. Pearson.]

By "last night" I presume he meant Tuesday night. Naturally we queried him about this, and he amended that answer as follows, as reported on the same page of *Hansard*:

We explored every avenue and had discussions with both parties about the possibilities of legislation at this time.

Well, I am quite sure that leaves the house in a state of confusion, doubt and uncertainty about this very important aspect of the problem. Surely, therefore, Mr. Speaker, we have the right to know when the parties to this dispute were told that legislative action might be necessary. In what terms were they given that information, namely that if they did not come to an agreement themselves parliament would be asked to act? Because I can imagine no more important incentive to get the two parties to agree than to tell them that if they did not agree, tell them in specific terms at the earliest stage possible, last May, if you like, that if they did not come to terms parliament might be asked by the government to act.

The conclusion that we on this side of the house have come to is that the government did not act energetically and effectively to meet this situation and did not show an appreciation of the seriousness of developments. I think it is quite unwarranted to say, then, that everything had been done that could have been done.

The Vancouver *Sun* said on June 5, and I quote from that paper, that the present situation—

—was brought about, in part, by the federal government's failure to find a means of settling the C.P.R. strike. These vessels, unlike those of Black Ball, are under federal regulation. Ottawa seemed apathetic so long as the Black Ball line was open for business. It appeared that Ottawa was content to play for time.

I suggest, Mr. Speaker, that that was not the time to be playing for time. On July 17, three weeks or so later, the same newspaper had this to say:

The federal government persists in treating British Columbians—and Vancouver island residents in particular—as second class Canadians.

For two solid months now it has neglected or refused to take decisive action to bring an end to the strike tying up the Canadian Pacific's Princess fleet.

In the same editorial we find the following:

The Canadians living in these two parts of British Columbia certainly deserve as much consideration as Canadians living elsewhere. So far they aren't getting it.

Why, Mr. Speaker, earlier in May, immediately after the strike started, the mayor of Victoria and many others on Vancouver island and in British Columbia generally did their very best to impress on the government the seriousness of the developing situation.

The mayor of Victoria is reported by the Vancouver *Sun* as saying in May that acting under the authority of an emergency meeting of business and civic leaders he had tried to reach the Prime Minister or transport minister Hees by telephone for a whole day, and that he was unsuccessful. He wired the Prime Minister, according to this newspaper report, asking a telephone call at the Prime Minister's convenience, but he had not received one and he added, "I am disappointed and very concerned that the people of this area are being ignored." That was last May.

On June 11, of course, it is true that the Minister of Justice was in British Columbia after the failure, I take it, of the federal mediator, Mr. Taylor, to find an acceptable solution to the dispute. The minister is reported as having said at that time that attempts would be made at another level to reach agreement, and that the matter would be put before the labour department in Ottawa. The matter had been before the labour department at that time for a good many months, and that kind of response does not seem to me to indicate an awareness of what was happening.

Mr. Starr: What report are you reading from?

Mr. Pearson: I am reading from a newspaper report in the Vancouver *Sun*. I will be glad to send it over to my hon. friend. I suggest, Mr. Speaker, that this somewhat easygoing procedure is in startling contrast to that followed by the previous government in connection with the railway strike in 1950. Some hon. members will remember that the strike began on August 22 and that parliament acted on August 30 to end it, eight days later. That was only 12 days after the mediator appointed by the government on that occasion had announced that he had failed in his task. In other words, 12 days after the mediator appointed by the government to end the strike announced that he had failed, the strike had been ended by parliamentary action.

Notwithstanding the speed and efficiency, as I believe, with which the government of that day acted, which was due in large part, as hon. members who were here will remember, to the vigorous personal intervention of the prime minister of that day to bring the strike to an end, what did the opposition then say about the steps that were taken? The present Prime Minister, who was then a member of the opposition, had this to say as found on pages 73 and 74 of *Hansard* for August 30, 1950:

> Urgency there has been for months. While the urgency of the situation required action by this government and while our economic position in this country was worsening week by week, the government was vacationing.

And again:

> —for days . . . the government did nothing. The government was not giving that leadership which the people of Canada had a right to expect.

The present Prime Minister castigated the government of that day for not taking action sooner than one week after the strike had been called.

Mr. Diefenbaker: The trouble had been going on for months.

Mr. Pearson: The trouble had been going on and action was being taken by the government. A strike took place. A special session of parliament was called, and within a week of the strike being called the strike was over. What are we then to say about a government which has been unable to take effective action in connection with a transport strike which has been going on since May 16?

As a result of this inability to bring the strike to an end in any other way, we now have a bill before us, a bill which as I understand it—some of my colleagues will have more to say about its details later—seems to me to be unclear in spots, which perhaps may create as many problems as it solves, and certainly warrants a great many questions being asked about it. Parliament is now being asked to intervene by passing legislation compelling strikers to go to work. That is a very unusual role for parliament and one that no member of parliament enjoys. However, that is what we are being requested to approve at this time. The first question that comes to mind, of course, is what principle is the government acting under in submitting this legislation? The Prime Minister had this to say yesterday on this point, as found on page 2578 of *Hansard*:

> —it would be necessary for the parliament of Canada to act; that public security and maintenance of a proper regard for the rights of others would demand the introduction of such legislation.

Presumably that is the principle he had in mind in asking the parliament of Canada to act. I can see all sorts of possibilities of danger in the adoption and extension of that principle, "a proper regard for the rights of others", as justifying parliamentary action in a labour dispute. The Minister of Justice also had something to say on this point. As found on page 2582 of *Hansard*, he said with respect to the question of the principles under which the government was acting:

> Of course, Mr. Speaker, the government recognizes that it is a matter of concern to the government on behalf of the people of Canada to see that the people of Canada are served with adequate transportation facilities, and I suppose that is the broad general principle involved in the bill.

Then he went on:

We—

The government.

—felt the interests of the company required it.

Mr. Fulton: There is a misprint there. It should be "country".

Mr. Pearson: Then I withdraw my observation. It read "in the interests of the company" and I was about to say—

Mr. Fulton: I have no hesitation in saying that what I intended to say and what I think I said was "country" and not "company". I think my hon. friend will agree that that is borne out by the context.

Mr. Pearson: I accept without hesitation the correction of my hon. friend. In that form, of course, it is a perfectly proper observation to make.

We felt the interests of the country required it; we know we have the legislative jurisdiction to do it, and we propose to submit this proposition to parliament for its approval if parliament agrees with the course being adopted.

This bill, Mr. Speaker, orders strikers back to work by section 4. That, of course, is an unusual and very significant provision in a legislative enactment, and one which is bound to arouse a good deal of questioning in every member's mind. Every member of the house wants to be absolutely certain that he understands what is meant by this and that he has some appreciation of the government's position in justifying it, because the clause now reads that every employee who is now on strike shall return to the duties of his employment. It includes everybody, every employee who is now on strike.

This is not a situation such as existed in 1950 in the railway strike, when the strike had only lasted for a few days and the employees were available and ready to go back to work if a settlement could be reached. This strike has been going on since May 16, and now legislation is being passed ordering every employee on strike to go back, every employee who presumably was working on May 16, which is quite a long time ago. What about those employees who may have left the province during these weeks? What about employees who may be, if you like, out of British Columbia and in Nova Scotia? Are they to be ordered to go back and resume employment as it was on May 16, with the changes submitted in the legislation?

What about the situation that has been created by the Canadian Pacific disposing of two ships? Must the men who worked on those ships, and who are no longer in the employ of the company, be given work; or must they, under this legislation, be compelled to go back to work on ships which are now no longer part of the company's fleet?

Yesterday when we were discussing the resolution the hon. member for Laurier asked this question, which appears at page 2580 of *Hansard:*

What is the position with respect to the other members of the other union, that is the S.I.U.? Do they go back at an increased wage?

The Minister of Labour is reported in *Hansard* as replying:

I cannot say with certainty that they would go back, but I expect and have every hope that they will—

I hope we will hear something from the government side as to the exact meaning of this compulsory back to work order. What happens to men who were employees of this company last May and who now either desire not to go back to work or are not in a position to go back to work?

Mr. Fulton: If the hon. gentleman would just read two more sentences he would find the answer to his question.

Mr. Pearson: I have not found it yet.

Mr. Fulton: May I read it to the hon. gentleman then, because it says on page 2581—

Mr. Pearson: Perhaps the hon. member will be intervening in the debate—

Mr. Fulton: I thought it might save my hon. friend some time. If he will just read two more sentences he will find the answer to his question.

Mr. Pearson: I shall be glad to do that. Let me ask another question, and perhaps my hon. friend will be as happy in his own mind in clearing this up as he has been with the one I have just asked. Clause 6 of the bill reads:

The company and each union shall forthwith enter into negotiations with a view to the settlement of any matters presently in dispute between them as to the terms of an amendment or revision of the existing collective agreement—

—and so on. There is no time limit in the bill with reference to the period during which this resumption of negotiations may continue.

Mr. Speaker: Order. May I suggest to the Leader of the Opposition that he is getting pretty close to the details of the sections, and those would be more appropriately discussed when we are in committee. If he can he should keep his remarks as closely as possible to the matter of principle. I do not object to a section being read to illustrate a principle, but it seems to me he is now getting into the details of the wording.

Mr. Pearson: Thank you, Mr. Speaker.

Mr. Diefenbaker: I believe, Mr. Speaker, in view of the peculiar circumstances connected with the consideration being given to this bill, and it having been in the possession of the Leader of the Opposition only since last evening, there would be no objection raised and the application of the ordinary rule should be abrogated.

Mr. Pearson: I shall do my best to keep my remarks within the ordinary application of the rules on second reading, and restrict them to questions of principle. There is, of course, an important principle involved in clause 6 of this bill. The principle is that collective bargaining is to be resumed, and nothing could be more important than that in a bill of this kind. However, Mr. Speaker, this principle is not subject to any time limitation, and the proceedings could go on indefinitely. Yet there is no incentive, indeed there is quite the reverse, to reach an agreement within the terms of this legislation by the ordinary processes of collective bargaining.

For instance, the men are going back to work with an increase in wages of 8 per cent, which is considerably less than that offered to them by the employer's representative on the board. Surely that is not a proposal which is going to commend itself to the men, when it is less than they would have obtained from the employer representative's recommendation. Nor is it going to be an incentive to the company to make an agreement with the men, when the administrator is operating for the company on the basis of an 8 per cent increase. Aware of this difficulty, and aware of the possible complications raised by the fact that nothing in this bill puts a time limit on the negotiations and bargaining at the end of which perhaps the matter might again have to be looked at by the government, we asked the Prime Minister yesterday, if there was no agreement what happens then?

The Prime Minister said, as reported on page 2579:

> On this occasion—

He was contrasting the procedure with that of 1950.

> —we simply make provision to get the men back to work and the ships in operation. . . . If other eventualities arise, and I am not here for the purpose of trying to envisage what the possibilities might be, then in that case, of course, we will be placed in a position where, if other action is necessary, it may be taken at that time.

Mr. Diefenbaker: That is provided for in clause 7.

Mr. Pearson: That is right; but there is no specific statement to the effect that if at the end of 30 days, 60 days or 90 days no settlement has been reached, then other action will be taken. There is merely a provision that at any time the government can step in and take other and presumably more effective action.

As the Prime Minister points out, this provision is in clause 7 of the bill. While I do not wish to infringe the rules by quoting clause 7, it is true that this is a very important principle in this legislation. The government, by order in council, can take any action it desires in connection with this bill. Unlike the legislation of 1950, which, whether you approve of it or disapprove of it, did provide certain definite provisions by which the parties concerned knew exactly where they stood. Perhaps that was one of the reasons why the compulsory arbitration provision of that legislation was not required. We do not know what will happen under this legislation. We do know that there is not going to be a very great incentive to the company to bring about an agreement with the union when the members of the union are being paid an increase less than the employer's representative recommended.

Mr. Diefenbaker: May I ask the hon. member a question? Would he elucidate what he meant a moment ago, when he said that is why compulsory arbitration was not then required. What did he mean by that statement?

Mr. Pearson: I meant that in connection with the railway settlement under that legislation, agreement was reached and the compulsory arbitration provisions of the legislation were not required and were not used. I am suggesting that in this legislation there is provision for compulsory arbitration in this clause, because the governor in council has the power to take action to that end if the government feels it is necessary. But it is an indefinite provision, and there is no time limit. There is, of course, no certainty that it will ever be used, or that that kind of action might be taken. I suggest, however, there are great possibilities of confusion and danger in that kind of indefinite, unlimited power being given to the governor in council.

There are other provisions in this legislation with which we will be able to deal when we are in committee. But quite apart from the particular issue of the strike and the desirability or necessity of getting this service resumed, I suggest we should take advantage of this situation to bring this whole matter very forcibly to the attention of the House of Commons so that we as a parliament may give consideration to a new policy for communication between Vancouver island and the mainland under modern conditions, and perhaps prevent this kind of

situation developing again in the future. Surely it is obvious to all, in the light of what has happened, that the island now must have adequate all year round secure water connection with the mainland.

The question is not, as I understand it, whether or not it is profitable. That matter is important, just as it is important when a new six-lane highway that is considered to be essential has to be built. But while the question of profit is important the question of service is even more important, and indeed is a paramount consideration with regard to this matter. It would therefore perhaps be well at this time for the government, if it saw fit, to initiate immediately a federal-provincial survey by experts to examine and report on the most efficient and least costly method for a combined highway and short-haul service between the island and the mainland which might even be considered if you like, as part of the trans-Canada highway system.

There is also, Mr. Speaker, the even more important, indeed the fundamental question of federal policy and federal responsibility with regard to the settlement of industrial disputes of this kind in the light of changing conditions. As early as 1950, in connection with the railway dispute of that year to which I have already referred, the present Prime Minister made a strong plea for a parliamentary committee to re-examine and restate the principles of collective bargaining. He will remember his plea; it can be found in *Hansard* 1950 at page 74. Again on January 9, 1957 he advocated—and I quote from the *Hansard* of that day—as follows—

—a revision of the conciliation methods and procedures in the interests of flexibility and the prompt settlement of industrial disputes.

He also advocated, and I quote further—

—improvement and modernization of the machinery for conciliations.

Perhaps this situation in British Columbia has driven home to us all the necessity for doing something along those lines. On March 9, 1958, during the election campaign the Prime Minister is quoted by the Vancouver *Province* as stating in that city that his party wanted legislation to prevent long delays in settling industrial disputes.

I suggest to the Prime Minister and the government that this is a good time to carry out or begin to carry out that promise. That kind of action may help the government in avoiding in the future the kind of deplorable situation which has developed over this strike; and certainly, Mr. Speaker, it should save the people of British Columbia and of other parts of Canada from the unhappy consequences in the future of a situation such as that with which we are faced today, when the intervention of this parliament is required to settle an industrial dispute.

Mr. Frank Howard (Skeena): Mr. Speaker, in rising to deal with the second reading of this bill I should like to say first that I certainly associate myself with the general remarks of the Leader of the Opposition as they apply to the great delay that has taken place in dealing with this question. I may not agree with some of the other things the hon. gentleman said but with his approach, from the general point of view that there has been unnecessary delay, I agree.

I think first we should probably look at the conciliation machinery under the Department of Labour at the present time and attempt to determine why it has failed to operate in this case—because it resulted in a strike some weeks ago—and why it has generally failed to be of much benefit to labour-management relations over the years. In attempting to look at it in that light we might find part of the reason why this government found itself in a quandary as to what to do with respect to the situation on the west coast of British Columbia.

We have had the same machinery in effect for some number of years now and have used it in the same manner without any attempt on the part of the government—and I am not confining my remarks to this particular government; I refer to the governments that were in office during the period of time this legislation has been operative and up to now —to appear to grasp changing psychological forces that were at work in labour-management relations. This criticism is not confined to the federal field either; it applies equally well to all the provincial governmental conciliation proceedings that I know of. Ever since the end of the war there has been a failure to realize that changes are taking place, that there are different attitudes on the part of management and on the part of the unions also, and that there is a different industrial picture now from that which existed some years ago. Nevertheless the legislation and the philosophy of the people administering it have not kept pace with those changing times. That is probably one of the major reasons why we find this particular situation at the moment.

Certainly the closing remarks of the Leader of the Opposition with respect to an overhauling of the legislation and an overhauling of the machinery were most pertinent. That is something that is certainly long overdue. If this government will undertake to realize that fact and attempt to deal with the matter, perhaps in the future we shall have the type of legislation and the type of attitude on the

part of the people administering it that will be conducive to the settlement to differences of opinion between employees and employers when matters get to this stage.

While the government spokesmen have indicated from time to time over the past few weeks that they had this matter under consideration, I would submit that the only reason they finally took action to deal with it was that the government was forced into it. They were forced into taking action from the point of view, as the Leader of the Opposition pointed out, of the Black Ball ferry service being discontinued as of last week, the result being the cutting off of all shipping services between the mainland and Vancouver island. In addition I would submit also that the government was forced into action by a number of Conservative backbenchers who apparently have been under considerable pressure from their constituents to get some action on this particular strike.

We all know that probably every part of the province of British Columbia has a willingness and a desire to see the service reinstituted and to see a settlement of this dispute. We all know, especially those of us who come from British Columbia and who have travelled on these steamship lines between the island of Vancouver and the mainland on many occasions, the detrimental effect the strike has had on people living on Vancouver island, especially during this tourist season. We here in the House of Commons, in considering this bill, must look at it having in mind the great responsibility we have to the general public and for the economic welfare of the area affected by the strike.

It is true that the bill has only been in the hands of hon. members for a short period of time. It will, I think, require fairly lengthy discussion, and we will have to analyse main principles and some of the subsidiary principles involved before proceeding to an examination of the various clauses. We must look at the bill in the light of discharging our responsibility to the general public, and if an extended discussion does arise I hope the house will not consider that those who ask questions or make comments are doing so merely to delay the proceedings, but that they are merely seeking to understand the bill and its implications adequately before consent is given to its passage.

In this regard, while I did not see the news report to the effect that the hon. member for Vancouver-Burrard (Mr. Taylor) had, over radio or television or in a telephone interview, last night deplored the fact that the opposition was delaying the passage of this bill, I think that if he did so—and I do not know whether he did or not—he owes an apology to members of the opposition parties, especially since he knows that the bill was not in our hands this morning until twenty minutes or fifteen minutes to ten o'clock. Certainly, last night there could have been no possibility of delaying the progress of this legislation.

I think it may be well to explain in a little detail some of the events which took place during the negotiations leading up to the cessation of this service, because I am sure that not only those who are directly affected by this service, or lack of service, but all members of the house would wish the employees of this company to be amply rewarded for the work they perform. It may be that a review of some of the wage rates and some of the changes that have taken place over the years would be of interest to the house and the country in considering this matter.

According to information compiled by the British Columbia federation of labour and the Vancouver labour council, the average wage rate paid to the seamen, to the employees, on these runs at the time of the strike, was from $1.31 to $1.35 an hour, which may be compared with the minimum wage in a number of other industries in British Columbia of $1.60, $1.70 and $1.75 an hour.

Mr. McPhillips: What about their perquisites, the perquisites they get in connection with their employment, such as free meals and free board.

Mr. Howard: I was talking about wage rates. Free meals and other things are in addition to that, but I mentioned wage rates because both the minister and the Leader of the Opposition (Mr. Pearson) indicated today that this question was the main problem at the root of this strike, not board and lodging. That is all I am talking about. The only increase these men have had since 1953 has been in the neighbourhood of $19 a month and, averaged over a 40-hour week—it would work out less if averaged over a week longer than 40 hours—it means an increase of approximately 10 cents an hour since 1953.

The junior chamber of commerce of Victoria had an interest in this matter, and I am sure the hon. member who asked a question just now may be familiar with the investigation which was carried out by that organization. In an attempt to provide a public service, in accordance with one of the objects for which it was formed, the junior chamber of commerce interviewed representatives of the C.P.R., representatives of the union, and Mr. Taylor who was the commissioner appointed to consider the dispute, and posed a number of questions to the individuals concerned.

I am not going to read this three-page document in toto, but if any hon. member would like to see it he would be welcome. Chamber of commerce representatives posed some questions to a Mr. Fraine of the C.P.R. on the wage structure and its relation to the fare structure, and so on. Four or five very important questions were put to Mr. Fraine in an attempt to discover, for instance, what a certain wage increase would mean with respect to a fare increase; the comparison between the transportation rates of the C.P.R. and those of other companies; the effect of special fare structures during particular seasons of the year; and so on. To all these important questions Mr. Fraine's answer, generally, was: "I do not know", or "We are not too sure on this point." The conclusion reached by the junior chamber of commerce, was that the union has considerable merit in its demand for increased wages. This, the conclusion added, would appear to be supported by the fact that the company's nominee and the chairman of the conciliation board respectively advocated increases of 17 per cent and 25 per cent. The report added:

> We feel the onus is upon the company to take the lead in view of the fact that the union has dropped from its original exorbitant demands to a figure similar to that recommended by the chairman of the conciliation board and further because the company's nominee recommended a figure approximately the mean of the company's present offer and the union's current demand.

The question of whether or not either of the parties, or both of them, have up to now been bargaining in good faith is one that need not be referred to at this time and, probably, one person's interpretation with regard to this will be just as valid as another's.

In our efforts to discharge our responsibility to the public who are suffering hardship because of this strike we must be careful not to destroy any of the fundamental rights of either of the parties in dispute. I do not think we should attempt to interfere with what we have developed in Canada, with what is considered as the free play of forces between industry and management in labour negotiations. I doubt very much whether we are not, by considering the passage of this bill, or some parts of it, laying the ground for the destruction of some of these fundamental relationships between union and management. Questions such as penalties have to be considered, but that we can deal with later on in the bill.

Apart from the principle enunciated yesterday and today that this bill represents an attempt to get the line back into operation, there is another principle set out in the bill. In this regard the Prime Minister (Mr. Diefenbaker) was questioned yesterday about what would happen if the bill passed and if, after the parties sat down to negotiate, they failed to reach agreement. What steps would be necessary following upon that? I believe the Prime Minister misled the house or did not give us a complete account of what was likely to happen when he made his answer. I quote his remarks as recorded at page 2579 of yesterday's *Hansard*. I believe the Leader of the Opposition quoted these remarks, too, although for a different purpose. The Prime Minister said:

> In 1950, of course, provision was made for compulsory arbitration under the legislation, and we opposed that at that time. On this occasion we simply make provision to get the men back to work and the ships in operation.

I take from the remarks of the Prime Minister yesterday that he and the members of his party were opposed to compulsory arbitration in 1950. Surely they should be consistent and oppose it now. Although he said this bill would simply make provision to get the men back to work and the ships in operation we find there is another purpose to this bill which lays the groundwork for the cabinet or the governor in council to institute compulsory arbitration in this particular instance.

We in the C.C.F. have not changed our position in this respect since 1950 and I can appreciate why the Leader of the Opposition did not make reference to this. Our position with respect to compulsory arbitration is the same as that we held prior to the election in March and prior to the election last June. Of course on close examination of the bill we note that it provides for compulsory arbitration and we can see, therefore, that the opinions of other parties in the house in this respect have changed. The establishment of the principle of compulsory arbitration is just another indication of how little real thought the Conservative party gave to the statements it made when its members sat on this side of the house. It is merely another attempt on the part of the Conservative party to double-cross those whom it espoused during the election.

Some hon. Members: Oh, oh.

Mr. Howard: Hon. members can "oh, oh" as much as they wish. The fact remains that during the election campaign the Prime Minister and other members of the cabinet went from one end of the country to the other with their arms around the working class people and said "All you have to do is vote for us"—they even had some literature printed about it—"and we will renounce compulsory arbitration as an instrument for settling industrial disputes". In fact, the features of the Prime Minister appeared on the front page of a document published by the Conservative party in which excerpts from

speeches of the hon. gentleman were quoted. One of them reads in part as follows:

—we reiterate our opposition to compulsory arbitration as an instrument for settling industrial disputes.

Comments were made about this matter during the debate on the railway strike in 1950. I have one or two references about which I should like to remind hon. gentlemen opposite. I have one or two quotations taken from the remarks made by Mr. Drew, the then leader of the opposition, but because he is not here I doubt if it would serve any purpose to place them on the record. I shall only mention that they indicate that he was opposed to the feature of compulsory arbitration. Dealing with this question, on August 30, 1950, as reported at page 73 of *Hansard* of that date, the present Prime Minister had this to say:

What is being done in this section of the bill is what we take our objection to, namely the granting of uncontrolled and untrammelled power to one person to determine decisions in trade union matters and to change the provisions for settlement of labour disputes that have existed for over 70 years.

Mr. Martin (Essex East): Of course, in the 1950 bill no provision was made for what is real compulsory arbitration.

Mr. Howard: Of course, I could not be expected to understand what the hon. gentleman was thinking about when he made that statement but those were his words.

The hon. lady who is now Minister of Citizenship and Immigration (Mrs. Fairclough) had some comments to make also as reported at pages 75 and 76 of *Hansard* of this same date on which occasion she said:

I hold very strong views on this particular subject, views which I have held for many years. They are not dictated by partisanship. As a matter of fact, if my party had seen fit to do otherwise, I should still have had to vote against the bill and against this section, because I do not believe it is in the best interests of those things for which we stand. I do not believe it does anything at all to further our history of labour negotiations—negotiations, may I say, and laws, that can exist only in a free democracy such as that we love and seek to protect in this country.

The hon. lady was opposed at that time to the very same thing that is now being proposed by her colleagues which undoubtedly has received the endorsation of the hon. lady in the cabinet. I can only speculate to that extent.

I merely want to point out that there is a feature in the bill which is most objectionable. It was most objectionable to hon. members opposite when they were seeking votes and when they sat on this side of the house attempting to criticize in every possible way the attitude of the previous Liberal administration. I think they had ample justification for criticizing that attitude. But we find today that the views they held then have now been abandoned and this bill lays the groundwork for compulsory arbitration and that is the part of the bill that I find most objectionable. When we reach that particular clause of the bill I am sure other hon. members as well as myself will have additional comments to make.

Before concluding I wish to make a comment or two, one in the form of a question. My question refers to a matter about which the Minister of Labour (Mr. Starr) probably intended to inform the house. Before we are asked to give formal approval to this bill in second reading I think he should inform us about it. A great deal of authority is being given to the administrator by this bill. I should like the minister to inform us who this person is to be, if that decision has been made, and I rather expect it has because I know the government feels an urgent desire to proceed with this bill as speedily as possible. It should be made clear to the house who this individual is going to be because certainly the attitude and approach of the administrator will have a great bearing upon the relationships between himself and the company. I feel that the house is entitled to know who that person will be.

My hon. friend, the Leader of the Opposition, made some reference to particular clauses of the bill and notably to clause 5 pointing out that one of the failures of that clause was that no time limit was provided. It was suggested, of course, that there should be a time limit and the hon. gentleman mentioned, I believe in speculation, 30, 60 or 90 days, or something of that nature. I should like to point out to the hon. gentleman that it would be most detrimental to impose a time limit on the duration of the negotiations which we expect will arise if the bill receives approval. We find in many cases of labour-management discussions that it is not possible to impose a time limit for reaching a decision no matter what the time limit might be. Let us suppose a time limit of 30 days were to be imposed. What position would the parties find themselves in if on the 29th day at the eleventh hour they felt they were in a position to reach a decision but had not quite reached it because there were some matters left to be determined? What position would they then be in?

They would be bound by the 30-day restriction in the legislation to arriving at a decision or not arriving at a decision, and if they did not arrive at a decision they would be subject to the other features of section 7

of the bill, namely compulsory arbitration, which is the only natural and logical step that can follow.

I think the hon. gentleman should revise his suggestions that there should be a time limit, not only from the point of view that the parties may find themselves in the position of almost reaching a settlement at that time but also from the point of view that if there was a time limit it would tend to aggravate the situation and project the resolving of those differences into the hands of an arbitrator or an arbitration board appointed by the governor in council, and I am sure he would not want that to happen.

In closing, Mr. Speaker, I have comments to make similar to those of the Leader of the Opposition with respect to passenger communication and automobile communication between Vancouver and Vancouver island. As I say, they are similar to what the Leader of the Opposition suggested with respect to the establishment of those facilities probably through a revision of the present provisions relating to the trans-Canada highway. I see the Minister of Public Works (Mr. Green) who has all kinds of money that I know he would like to spend, and he would certainly be agreeable to this particular suggestion.

Any hon. gentleman who has been out to that part of the country will realize that between the lower mainland and Vancouver island there are a group of islands called the Gulf islands. The trip from Vancouver across to Nanaimo by the C.P.R. boats takes approximately two hours. It takes a little less than that time by the Black Ball ferry line as they have a little shorter distance to go. I suggest it would not cost the country a great deal to investigate from the engineering point of view and the cost point of view the possibility of a bridge between Vancouver island and Gabriola island and the construction of a road along Gabriola island on a 50-50 sharing basis, as is done in the case of the trans-Canada highway, and the establishment of a crown-operated ferry between the lower part of Gabriola island and the mainland. The trip could be made in about 45 minutes. The construction of such a ferry certainly would not require the capital expenditures that the Canadian Pacific railway has found necessary to put into the operation of their boats. I think it could be done for much less cost. I commend it very seriously to the consideration of hon. gentlemen opposite, knowing full well that it will not be done next week. But there is next year, Mr. Speaker, and we hope that some steps will be taken to provide some alternate means of transportation, some more speedy arrangement for transportation between the mainland and the island.

I would like to close with the remarks I made at the opening. This situation has developed on the west coast because of the ineffectiveness of the Department of Labour to deal with it up to now, and the inability or the ineffectiveness of Mr. Taylor, even though I understand he is a very reputable and capable person in this field. His ineffectiveness to resolve the dispute should give ample indication to the government that it is necessary completely to revise the outmoded conciliation procedures which are established under the Industrial Relations and Disputes Investigation Act. We find many, many times, both in provincial fields and in the federal field, that conciliation officers and conciliation boards have no great deep-seated desire to settle disputes. They merely sit and listen to the parties argue and say, "well, we will make some sort of report and we hope it is accepted." We find people being appointed as conciliation board chairmen who in some instances have no conception or no understanding at all of labour-management relations and have no intention or no desire to solve a dispute or to attempt to solve it. They merely say, here, I am a retired banker, or something of that sort, and here is an opportunity for me to rake in some government money, I will take the appointment but I will not do anything drastic to solve the dispute. I hope the parties solve it among themselves; if they do not, it is too bad. That is the unfortunate attitude that has developed over the past few years.

This government, Mr. Speaker, and the Liberal government before it, are equally guilty in failing to grasp the circumstances arising out of changing times and in failing to grasp the changed attitude of both parties to an industrial dispute, the changed psychological approach they have, and the government has failed to adjust the legislation accordingly. So long as we have the present legislation on the statute books which is outmoded and has relatively little effect, we are going to continue to get in these sorts of difficulties. We have to bring our legislation up to date. I hope this is one political promise which the Tories made which they will live up to, namely revamping our legislation.

(Translation):

Mr. Alexis Caron (Hull): Mr. Speaker, in spite of what was said by the hon. member for Vancouver-Burrard (Mr. Taylor), it is important in my view that we should take the trouble of analysing the principle of this bill. In my opinion, the bill is both delicate and dangerous, for it might affect the terms of the collective agreements aris-

ing out of organized labour, and even the discussions preceding the adoption of such agreements.

I have no intention of repeating the very appropriate remarks of the Leader of the Opposition (Mr. Pearson). I merely wish in these remarks to blame the government for introducing a resolution at the last moment, after negotiations which had been going on for a year, and 66 or 67 days after the strike had been called, and for asking us to rush it through without having had time to consider it, and then for introducing a bill which must be carried after a cursory examination since we have had no time to give it due consideration.

As the Minister of Labour (Mr. Starr) has said, the members from British Columbia, particularly those from Vancouver, are directly concerned since their electors are affected by the present situation. However, members for other constituencies in the country are also interested in studying employer-employee relations, and that is why I say that the government, by introducing that bill at the last moment, puts us in a practically impossible situation.

The government followed that same procedure in connection with the bill extending the period of unemployment insurance benefits, at the beginning of this session. It was altogether unexpected and, as we had no time to discuss it, we subsequently found out that mistakes had crept in which could have been avoided.

In this case, since we are not as directly concerned as members from British Columbia, we from the rest of the country are not in a position to know the underlying causes of that strike.

We know that discussions had been going on for a year, and that the strike is now 66 or 67 days old, but we know nothing of the labour conditions prevailing before that time. We have no knowledge whatever of the wages these men had been getting or of their present demands; nor do we know anything about the cost of living in that particular area of the country. We do not know of the financial situation of the Canadian Pacific with regard to that company, neither do we know anything of the effects of that strike on people who live in that area. So I say, information on all those points should be given to the house so that hon. members might intelligently consider a bill as important as this one.

An hon. Member: Oh, oh!

Mr. Caron: Mr. Speaker, one hon. member is smirking because I said that we should consider this bill intelligently. His reaction does not surprise me, because some members have already been referred to as "trained seals", and this behaviour actually proves that the species does exist in this house.

I am entitled, it seems to me, to ask for more details in order that we may better understand the situation.

In all parts of the country, negotiations are taking place between employers and employees. There are some at present going on in the eastern part of the country between the pulp and paper companies and pulp workers with regard to a new labour agreement. How can we consider this particular labour agreement if we know nothing of the conditions prevailing in British Columbia?

That is why I claim that the government having waited a year before taking any action, having allowed the strike to go on for 60 days, could very well have given us a few days more—I am not offering this alternative as an amendment but merely as a suggestion—could very well have referred the matter to the industrial relations committee, where union representatives and C.P.R. officials could have been called to testify and to answer questions that have to be put in such circumstances.

Mr. Speaker, I feel that the government is attempting to slip this bill in by the back door. It is a dangerous bill because it involves compulsory arbitration in the field of labour relations.

I admit that in certain circumstances, when public interest is at stake, the government has to step in, but it should always do so before the harm is done. Indeed, the government should have intervened before the strike was called, because it knew that the unions had made proposals to the Canadian Pacific in order to settle the situation. Union leaders even told Canadian Pacific management that, if the situation was not settled within 30 days, they would take a strike vote. The Minister of Labour must have known, and his officials must have kept him informed of the fact that there would be a strike. There should simply be no waiting until the harm is done before intervening.

Not only does the government lay down the dangerous principle of compulsory arbitration, but I say that it has not given us a chance to examine the bill intelligently, and I again ask the Minister of Labour to kindly allow us to refer the matter to the industrial relations committee so that we may be able to call in witnesses who would enlighten us, in the rest of the country, on prevailing conditions. We would then have a chance to consider the matter seriously. Perhaps we would then be willing to support the bill heartily.

Mr. Speaker, I hope that those who understand French will make it a point to translate my remarks to the minister. Better still, I will repeat them myself in English, so that he may understand me.

(Text):

I will translate into English the last part of what I said in French. This is an important bill. Those from the east do not know the conditions existing. We do not know the working conditions. We do not know the wages paid before the strike. We do not know the demands made by the union. We have no knowledge of the cost of living in the region affected. We do not know the situation of the C.P.R. with respect to this service. We do not know the situation created by the strike so far as those living in the area are concerned. Therefore in order to be able to study properly a bill of this importance in which forced bargaining is being brought about I think that the bill should be sent to the industrial relations committee so that we can call representatives of the unions and of the C.P.R. in order to study the matter more completely. We will then be in a better position a few days from now to decide upon the matter. The situation has been pending for a year and the strike has been going on for 65 or 66 days. Therefore I say if we could have a chance to discuss the matter with witnesses we would be better able to decide upon it.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, this bill as I read it this morning contains four principles upon which the government intends to proceed in order to dispose of the dispute. One of these principles is the appointment of an administrator who shall act as the agent of the company for the purpose of controlling and carrying on the business of the company. Another is that forthwith upon his appointment the administrator shall resume the carrying on of the business of the company which was suspended because of the strike and that every employee of the company is directed by this legislation to return to work. Another of the principles laid down in the bill is that there shall be an increase of eight per cent over and above the amounts contained in the collective agreement which existed prior to the enactment of this legislation. Finally, as soon as the ships have been put into operation the steamship company and the union shall enter into negotiations with a view to a settlement of the matters in dispute under the authority of the administrator.

I should like to say that while the opposition will support the legislation because of the urgency of the situation and also because of the special circumstances involved in the dispute, nevertheless it should be pointed out to the government that there are a number of inherent defects and weaknesses in the legislation. I should like to couple my remarks with those of the Leader of the Opposition (Mr. Pearson) in his reference to the delay that occurred prior to the introduction of the legislation. Yesterday in answer to a question the Minister of Labour (Mr. Starr) gave reasons indicating that there had been no delay and proceeded to put on *Hansard* in chronological order the actions taken by the Department of Labour. While it is true that the normal processes of the Department of Labour were available during a large part of the duration of the dispute, still the position remains that the government should have indicated much earlier that this legislation was necessary. I am somewhat surprised at the statement the Minister of Labour (Mr. Starr) made earlier today that the government found itself faced with two alternatives. One of those alternatives was to do nothing and allow the strike to carry on, the other alternative was to proceed by way of legislation as it is doing now.

I say to the Minister of Labour, and to those associated with him on the other side of the house, that if they had proceeded in this manner with reference to another strike, namely that of Canadian National Steamships, perhaps they would have succeeded in saving those eight ships of the crown corporation. Instead of doing this, however, they did absolutely nothing in connection with that dispute. They did exactly what the Minister of Labour says was represented by one of the alternatives before him in the present circumstances, they did nothing and allowed these steamships to be transferred to the flag of one of the West Indian countries. They even went so far as to allow a number of the crew from the West Indies to be flown to Canada. It is true that in the middle of the flight instructions were given to have the crew returned to the West Indies.

I do not want to transgress the rules of this house by laying too great stress upon the dispute of Canadian National Steamships, other than to say this. The circumstances were not entirely different. It is true that, having regard to the stoppage of steamship service on the west coast, this dispute was much more serious than the other. Nonetheless, many of the circumstances which we find here were found with reference to Canadian National Steamships, and in that case I repeat the government took no action, whereas if it had acted as it has in this case, then that service would have been saved.

Mr. Martin (Essex East): And they interfered with the rights of labour.

Mr. Fulton: These profound observations.

Mr. Martin (Essex East): It is true.

Mr. Chevrier: There is another observation which comes to my mind, and it is this. What is the basis for this legislation? Upon what basis does this legislation rest? When the Prime Minister (Mr. Diefenbaker) answered that question yesterday he said that public security and the maintenance of a proper regard for the rights of others demanded the introduction of this legislation. I shall not comment upon that statement, other than to say this. This legislation, in effect, sets aside the normal process of collective bargaining. If no settlement is reached in accordance with the first part of this legislation, then the government may impose a new settlement under the terms of clause 7 (b) in part and (d) in full. The right to strike has been taken away by this legislation by means of the provision directing the employee back to work, as set out in the section to which I referred earlier, the last half of clause 4. The right of the employee to strike has also been set aside if the government finds it necessary to resort to the conditions set out in clause 7 of the bill.

While I am dealing with clause 7 I should like to remind the house that the governor in council has taken upon himself a great deal of power and is, in effect, legislating on this very important subject by order in council. I remember how violently the opposition criticized the former administration because of that sort of legislation.

This is, in my opinion, compulsory arbitration because it means that the company need never agree to the terms and hence it will, of necessity, if that is the case bring into operation the regulations of the governor in council as set out in clause 7 and lead, in the final analysis, to compulsory arbitration. I should like to make another observation, if I may, with reference to the question which I asked yesterday. I asked the Prime Minister under what authority this legislation was being introduced. He seemed not to understand the question I put, and perhaps I did not put it clearly. I repeated it, and there seemed to me to be in his reply, as well as in the reply of the Minister of Justice (Mr. Fulton) a confusion as to the authority under which this legislation is being introduced.

The legislation which was introduced in 1950 was introduced because the railways were national in scope and because of the authority which parliament has under section 91 of the British North America Act. In this case, I ask under what authority is this legislation being introduced? Is it under the terms of section 91 or is it under the terms of section 92 of the British North America Act? It seems to me that section 92 does have some application in the case. Perhaps I should read section 92:

> In each province the legislature may exclusively make laws in relation to matters coming within the classes of subjects next hereinafter enumerated; that is to say,—
>
> 10. Local works and undertakings other than such as are of the following classes:—
>
> (a) Lines of steam or other ships, railways—

I skip over a few words.

> —connecting the province with any other or others of the provinces, or extending beyond the limits of the province.

This would mean that if the operation of these steamship services comes within the exception, then it falls under the jurisdiction of parliament. I am told that a portion of these services does fall within the exception. I am informed also that there is a portion which does not fall within the operation of this exception because that portion of the service is exclusively within the province. Of course, if this service has been declared to be a work for the general advantage of Canada, then that is another matter.

I am asking the question whether or not the legislation would apply to that part of the service which is entirely within the province. I am sure the Minister of Justice will want to deal with that point, and that is really what I had in mind yesterday when I asked the question, and the reply that was directed to me failed entirely to answer that. If, of course, the operations of this company have been declared to be a work for the general advantage of Canada then I must admit that there is no basis for the question which I am asking. If it has not, then I think as to that part of the service operating between the province and a foreign country, there is jurisdiction. But as to the part which operates wholly within the province there appears to be some doubt, unless, of course, it is declared to be a work for the general advantage of Canada.

Then it seems to me that this legislation is ineffective as to a large part of the services if the question which I have put has any validity. I am sure that the government must have given consideration to that aspect of the case; and if it has done so, I hope that there will be some reply. The Leader of the Opposition has dealt with the position of employees who have found other jobs and also with the position of the employees on the ships of Canadian Pacific Steamships that have been sold and I shall not deal with that matter again. However, I should like to take that argument a step further and ask the government whether there is not in this bill some authority to prevent the company from selling one or all of its remaining ships. Is this steamship service to be restored in its entirety the way it was before? If it is, then consideration must be given to the question of the two ships that have been sold. What is going to be done about other ships that may be sold? Is there in this legislation any provision to prevent the steamship company from disposing of any of its assets?

Then, of course, the main weakness of the legislation, to my mind is that there is no finality to it. In that respect I must respectfully disagree with my friend the hon. member for Skeena (Mr. Howard) who seemed to think that the position of the Leader of the Opposition in that respect was not the correct one. It strikes me that there should be a limit to the negotiations; because if there is not a limit to the time in which these negotiations can be carried on, while it may result in a position such as that referred to by the hon. member for Skeena in so far as employees are concerned, what will be the position as far as the employer is concerned?

Mr. Howard: Precisely the same.

Mr. Chevrier: I disagree. It may well be that the employer will be dissatisfied with the proposal that will have been made and, according to the legislation, he will be able to refuse to accept it for a period of many years. Then the government is driven to exactly the thing to which I was objecting at the outset, namely arbitration by compulsion or again arbitration by order in council.

For instance, if I may carry that argument a step further the points which seem important to me are these. Are the wages or the increases in wages to be paid by the federal treasury or will they be taken out of the operating revenue of the company? If, as would appear to be likely from a statement made by one of the officers of the corporation, a deficit results from the operation of the service by a federal administrator, is that a charge against the federal treasury? If an operating profit results, on the other hand, does this money belong to the federal treasury or does it belong to the company? If the operation of the fleet is entirely a financial concern of the federal treasury, is the C.P.R. to be paid a rental to cover depreciation and use of the vessels?

These financial questions are important in view of the remarks made by the company in rejecting the conciliation board recommendations in the dispute with the seafarers' international union. The C.P.R. said that British Columbia coastal steamships did not cover its full operating costs from operating revenue last year. It rejected all recommendations made by the three members of the board of conciliation because the company, to use the words of the employer "could not undertake further expense" in the light of this operating loss. The company concluded by saying that after the most careful consideration of each of the recommendations the C.P.R. could not contemplate accepting any of these. I think the house is entitled to know what the position will be if an operating deficit continues or exists after the administrator has taken over.

Then again I pose this question, referring to the two ships that have already been sold. Once the new legislation is passed, is the C.P.R. prevented from selling its vessels? There does not appear to be in the legislation any section which would prevent this action. Hence, on the whole, Mr. Speaker, there appear to me to be a number of serious weaknesses in this legislation. I protest the aspects of this bill that have to do with the powers which the governor in council will be taking by virtue of section 7. But we on this side of the house, and I am sure all members of the house, are interested in one thing, namely the resumption of services between Vancouver island and the mainland. I realize that it is impossible to segregate the resumption of services from the other objectionable features of the bill which, to my mind, are quite objectionable.

However, I am sure that in the drafting of this legislation many of the hon. members on the other side of the house, particularly those who sit on the treasury benches, must have recalled with some concern the statements they made when they sat on this side of the house when similar legislation or legislation similar in principle was introduced in 1950. As was stated by the Leader of the Opposition and by the hon. member for Bonavista-Twillingate (Mr. Pickersgill), in 1950 it was not necessary to put into operation the compulsion part of the legislation. I am sure that the government feels the same way

about this legislation. However, there is no assurance, because there is no time limit, that such will not be the case.

For the reasons I have outlined, we on this side of the house will support the legislation.

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, without doubt this is a most important piece of legislation that is now before the house. I think we all realize that it is possible, from many points of view, to rise in one's place and to speak with emotional emphasis on the bill from varying angles. It would be possible to be righteously indignant at a company not being able to say that it is no longer going to operate a business because its power is interfered with, because this bill is going to put in an administrator to operate the business. On the other side of the picture I know, as a trade unionist since 1924, that one could really wax indignant about a bill which, as mentioned by a previous speaker, basically removes the right to strike.

Or one could, I imagine, as the previous speaker had in mind, at least, make a lengthy speech on the constitutionality of the bill itself. It is not my intention in what little I have to say to do any of those three things. I believe the introduction of this bill should compel all members of this house, industry and labour, to face up to the realities of the Canadian economy with regard to what is taking place in this country and, also, to face up to the question as to just what are our responsibilities as employees, as employers and as government, and consider just how far we should go in any one of these aspects motivated by individual thought or by individual action when it comes up against a social reaction.

I am not quite certain whether I have got the wording exactly as I wanted, but what I have in mind is that I believe the introduction of this bill means far more than would appear on the surface. We have here a situation where men are legally on strike, where they are on strike because they have been unable to obtain from their employer satisfaction of what they think are their just demands. The company also is in a legal position, but because of the nature of the situation the effect of this conflict has gone far beyond those directly concerned. A few moments ago an hon. member was making a recommendation that this bill should be referred to a standing committee of the house because there are so many things concerned with this situation about which hon. members who do not come from British Columbia are ignorant. I can understand that point of view. But we must also realize that the time has come when something has definitely got to be done because one segment of the population of British Columbia—some 200,000 people on Vancouver island—has been cut off from the mainland. We can wax as indignant as we like from any point of view. I know I may be criticized for this some other time, but I am trying to be honest now, and I say we have got to face up to this situation, and whether we like it or not we must accept the fact that this service has got to be resumed.

Although I regret the necessity which has led to the bringing in of this bill, I think the fact that the government has found it necessary to do so may be the spark that will cause both industry and the trade union movement and parliamentarians, too, to face up to their problems and responsibilities. We could —and I know I could—spend a long time in recriminations. We could spend a long time, and rightly so, in pointing out differences between what the government says now and what it said on some previous occasions; between what it does now and what it did earlier on. Very definitely, recriminations could be based on the fact that it has taken so long to get action. However, I do not think, from my own point of view, that this is my responsibility at the present moment. My responsibility, as I see it, as an elected member from Vancouver, is to get the service back into operation as speedily as possible while protecting the interests of both parties concerned. Therefore, I intend to support this bill in principle, but I will make a suggestion —one that is not new; it has been made by others—that the measure be changed in one respect at least to remove the part that deals with compulsory arbitration.

I feel, after studying the bill and reading it several times, that the desired results can be achieved without that part in section 7 which deals with compulsory arbitration. Under the terms of this bill—and I think I understand the situation—if the industry and its employees cannot get together and hundreds of thousands continue to suffer hardship, the only group which can move is parliament, and parliament is being asked to move —and it is very unwilling to do so, I think— and through parliamentary action we provide that the service has got to be resumed. Right. I imagine they will obey the law.

After resumption the owners of the industry and the representatives of the workers will get together and try to settle their differences. There is no time limit. As I interpret the act the government will maintain their administrator there until there is agreement between the employer and the employees, whether it takes a day or a year. Then you do not need that vicious principle which so many of us oppose, the introduction of compulsory arbitration.

I could be wrong, but I do not think I am, in saying that the C.P.R. does not want the government running its business. It wants to operate its own C.P.R. line and I believe it will do everything it can to get its business back into its hands. I consider this will be their approach. Equally, the employees will not want to continue working with only an 8 per cent increase in wages. They will want to work out something which will approach more closely their original demands, or what they were offered in varying degrees by various people. From the point of view, of the employees, then, it will be desirable to reach an agreement with the company. It may be asked: why have they not done so in the past? The answer is that they were not able to do it. The company had the power of lockout, and the employees had the power of strike and, as a result, agreement was not reached.

But now, with the action which the government has recommended, and with the service being resumed, there is no basis on which the two parties can proceed except that of trying to get together and negotiate a settlement. So, from a logical analysis, I say they are going to work out an agreement and because of that I sincerely recommend to the government that they remove from this bill a provision which is not required and one which is hated by almost everybody in this country, that is compulsion. I ask the government to remove something which is certainly hated by the trade union movements, namely compulsory arbitration. I am convinced that the entire intent of the bill can be met even with the removal of that clause and I commend that thought to the government.

I am going to conclude with just a little repetition and say that it would be extremely easy to wax wrathful about this type of legislation, to condemn one side and commend another, but I am not going to do that. I believe that as we ask industry to have a sense of responsibility and as we ask trade unions to have a sense of responsibility, then I must accept responsibility also when I stand in my place in the House of Commons and so I say, in these remarks, that much as I dislike the legislation I do not think the government could have done anything else in the circumstances and it will have my support.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I am going to take the time of the house very briefly indeed. I may say with about the same reluctance and for some of the same reasons I take the same view as was taken by the hon. member for Vancouver East (Mr. Winch) about being willing to support this legislation. I represent a province which is largely an island and though it has almost twice the population of Vancouver island—I might point this out to the Minister of Public Works (Mr. Green) —still, there are over 250,000 Canadian citizens on Vancouver island who have been deprived of a service which has existed for a very long time and which is, in my view, an essential national service. We know that the service to Newfoundland and to Prince Edward Island, the other two large inhabited islands on our shores, is guaranteed by the constitution and while the Minister of Justice (Mr. Fulton) refuses to be drawn into any discussion about whether Canada has any obligation to maintain this service, it seems to me that by the fact the government has seen fit to introduce this extraordinary legislation it is admitting that.

I am very troubled not only about the feature of the bill that the hon. member for Vancouver East is troubled about but also about the failure of the government to enunciate any principle on which this action is taken. I think perhaps we can discern the principle. I have tried to suggest a principle that there is an obligation in the case of Vancouver island that perhaps does not exist in the case of Pelee island although we do subsidize a ferry to Pelee island, as I happen to know. In other words, this is such a large segment of the total Canadian population that it is a national problem. I am personally of the view that it is a national problem. It seems to me that by its failure to state any principle on which it is acting and by its failure even to state clearly, as the hon. member for Laurier (Mr. Chevrier) pointed out, on what section of the constitution it is basing its action, the government may be, as the Leader of the Opposition (Mr. Pearson) suggested, letting itself in for an awful lot of trouble and pressures of all kinds in the future.

This is a precedent that none of us likes any more than any of us who were associated with it—and I was not in parliament at that time though I knew something of the circumstances—liked what was done in 1950. It is a very disagreeable thing for the parliament of Canada by law to oblige or compel people to work. Indeed, some of the bitterest struggles in the history of our country were over the question of whether or not we should compel people to fight when the very life of our country was at stake. Here we are picking out a small segment of our population and saying that these people have no right to choose where they shall work, that for an absolutely unlimited and undefined period of time—because there is no time limit in this legislation—the members of this union unless they die or become incapacitated—and I presume they would be

let out on those grounds—are going to be compelled by law to go on working for this company or for the administrator acting in some capacity in connection with this company.

It is difficult for me personally and I believe it is equally difficult for all hon. gentlemen on this side of the house to understand why all the workmen who went on strike on May 16 should be compelled to go to work whether they have moved to Newfoundland or Nova Scotia in the meantime —presumably as long as they are within Canadian jurisdiction—in view of the fact that there may be no work for them. There is no similar compulsion in the bill for the company to keep all the ships in operation.

In the Vancouver *Sun* of July 23, 1958 we read that two of the strike-bound ships have been sold. What are the crews of these ships going to do when they turn up in obedience to this law and find there are no jobs for them? There are obviously not going to be as many jobs as there were on May 16 as was pointed out by the hon. member for Laurier a few moments ago. Which employees will the government compel to go to work? How will the government choose which employees will be those who will be compelled to go back to work?

It seems to me this is one respect in which the legislation is not fair as between the employer and the employees. All the employees have to go back to work but apparently the C.P.R. does not have to put back in operation all its ships and we have heard rumours to the effect that two more ships may be sold. The government should insert a provision in this legislation by which the C.P.R. could not sell any more of its ships as long as this statute is on the statute books. There has been a lack of foresight and forethought here on the part of the government.

I am sorry that the hon. member for Vancouver East is no longer in the chamber.

Mr. Winch: Right here.

Mr. Pickersgill: I want very respectfully and with due regard to his very much greater experience in this field than mine—and I do sincerely respect the hon. gentleman's experience—to point out that under the conditions that will be created if we pass the bill in this form there can be no fair collective bargaining once this bill is in operation because the C.P.R. will have no incentive whatsoever to agree. It is going to be paying an 8 per cent wage increase. The union is asking for a lot more. Why should not the C.P.R. continue to pay the wage prescribed in this statute and never reach an agreement? There is no incentive on the side of the company whatever. If we do not have some way of terminating this provision there is an indirect compulsion on the men far greater than any direct, clear and unequivocal compulsion stated by parliament in the law could possibly be and the legislation as now drafted is not fair as between the employees and the employer. It does not hold the balance fairly between them but creates a very strong bias on the side of the employer against the employees.

There is another thing about the legislation that troubles me very much and which I thought would have troubled the Minister of Justice, the Prime Minister (Mr. Diefenbaker) and most of the hon. gentlemen who kept us here for over a month in the summer of 1955 debating the Defence Production Act because it gave certain extraordinary authority to the governor in council to be exercised in secret and with no time limit on it. The powers that Mr. Howe was asking for at that time did not include the power to compel human beings to work for an indefinite time at a fixed wage. That was one thing that was not included in the Defence Production Act. Here we are being asked to pass a statute without any time limit on it. If the Minister of Justice would like me to remind him of it, he will find on page 4733 and again on page 4737 of *Hansard* for June 13, 1955, his eloquent pleas for a time limit on that arbitrary legislation. I am not going to break the rules of the house by reading clause 7 but we are being asked in that clause to give the governor in council power to prescribe any kind of arbitration that he deems expedient.

When the government in 1950 brought in the maintenance of railway operations legislation, what did it do? It prescribed precisely what the arbitrator could do. It said, in the first place, that he could not reduce the wages under any circumstances. This bill does not say that. It said furthermore that he must begin his determination within 30 days, and that it was to be done according to prescriptions carefully laid down by parliament on behalf of the Canadian public whom we represent. Here we are being asked to give to the governor in council to exercise in secret —as hon. gentlemen opposite were so fond of saying, as the Prime Minister made most of his political reputation by saying—by order in council the powers, and they are asking that this arbitrator shall have the power to make any kind of arbitration, that some day when this parliament is not sitting, when we are away at our homes and the government gets into another panic, as they did over this strike after 68 days they will suddenly decide to ask the arbitrator to do something.

I do say that this is not good enough. I do think that the government should either do

what the hon. member for Vancouver East suggests, knock this provision out of the bill entirely—though I see grave difficulties about that because it means that these men are going for an absolutely indefinite period to be subject to this wage, to being compelled to work at this wage for an indefinite period—or else the government should put a time limit on that portion of it and parliament should be allowed to prescribe the conditions of the arbitration in great detail.

I would not object to the idea so much that perhaps the governor in council might decide to meet the point of the hon. member for Skeena (Mr. Howard), that the governor in council might have the power to prescribe some longer period if the parties were getting together and were in the midst of negotiation, but it does seem to me we should not have timeless legislation of this character. That is the argument the hon. gentlemen put up.

As I say, the powers of the other legislation did not include—and I repeat this—the right to compel a small group of Canadians to go to work and to stay at work at a fixed wage for an absolutely indefinite period. This, it seems to me, is important and I go back to my first point. It is essential to restore this service. I am happy that all parties in the house are agreed on it; I am happy, particularly because I do represent an island, and I know how the people on an island feel about the isolation there can be if communications are interrupted. I have even experienced interruptions which are caused not by man but by nature and know something about how inconvenient and awkward they can be; but, at the same time, I do feel that to ask us to pass legislation that is to stay on the statute books indefinitely, that has no time limit of any kind upon it, as the Leader of the Opposition and the hon. member for Laurier have pointed out, is to ask us to do something which hon. gentlemen opposite made the main point of their campaign in the session only three short years ago.

It seems to me there is another point—and this is the only other point I wish to make at this stage—which troubles me a good deal about this legislation, and this was also mentioned by the hon. member for Laurier. I am merely repeating perhaps to underline it. In the case of the maintenance of railways operations legislation in 1950, parliament was restoring the operation of the two great railway companies, one of which is owned by the taxpayers of Canada, and if it incurs any deficit that deficit has to be met by the parliament of Canada, anyway. The other at that time was quite clearly not losing money; therefore, there was no question that this legislation would be putting directly or indirectly any charge upon the taxpayers.

[Mr. Pickersgill.]

But it does seem to me that we are not at all clear as to what this legislation is doing to the exchequer. The minister should tell us that there should be some provision in the legislation itself which makes clear whether, if these ships are operated at a loss, that loss is to be borne by the Canadian Pacific railway or, if not, is it to be borne by the taxpayers of Canada and if so on what authority is the government going to pay that loss? This seems to me to be a very serious question. Are we being asked to say that the people of Canada, through their parliament, are taking away the private property of a company, operating it at a loss, if that happens, and then making the shareholders of that company pay that loss? That is a very new principle, a very new thing to be doing, if that is what we are doing. If we are not doing that, what are we doing? The legislation, it seems to me, does not give us any clue, any answer to that question.

If there should be a fortuitous profit, which I assume is very unlikely, but which might conceivably happen, what would be the situation? But that question is not nearly as serious as the first question. If there is a loss incurred in this operation, particularly if it is a greater loss than the Canadian Pacific railway has been experiencing—I believe they claim that they have not been operating those ships at a profit; we do not know much about it, at least I do not know anything about it—under what authority is parliament imposing that on the C.P.R. or on the taxpayer? Surely, it is one or the other, and we should not pass legislation that does not cover that contingency.

But I come back to what seems to me the most serious thing of all and what has been emphasized by my leader and by the hon. member for Laurier, and what I feel I must emphasize again. Here we are in this legislation engaging in a kind of compulsion, which I think is even worse than compulsory arbitration, namely compelling men to go to work at a fixed wage for an indefinite period. That is what we are doing. Let's face it. That is what the law says and they are subject to the penalties of the law. If they do not go back to work they are criminals, and we are not even saying that there is to be work for them when they get back because of the two ships being sold, if they have been sold. But what is most serious of all is that we are giving to the governor in council this power to provide for any kind of arbitration that the governor in council may see fit. We are being asked to do that. I do hope that the Prime Minister, the Minister of Justice or the Minister of Labour (Mr. Starr) will rise in his place and tell us that some kind of

definite prescription will be put into section 7 of this legislation and that some kind of time limit will be put either on this provision that those people must work at this wage or that in some way or other there will be some definiteness about this matter.

Because it is an emergency, because we recognize that Vancouver island should not be cut off from the mainland, we do not feel that we should oppose the principle of what the government is trying to do any more than the hon. member for Vancouver East felt that he should, but we do oppose the indefinite character and the effect of this legislation. I know the government can say, just as we said with far better reason three years ago, that we would not do any of these things, we would not let that go on indefinitely. The hon. gentlemen will not forget, and certainly I will not, the debate we had at that time about that time limit, and that was only about the power to do things to things, not the power to do things to people. Here we are being asked to take action for an indefinite period, we are being asked to give the government, or the administrator appointed by the government, the power to compel men to work at a fixed wage with no guarantee of any kind that for all that period the wage will be changed regardless of changing conditions.

It seems to me that this is so grave a defect in this legislation that, while we are most anxious to co-operate with the government in getting this thing through as quickly as possible in order to end what I am ready to regard as a national emergency, we still think that they should do something about those points that I have raised and which, I may say, were raised previously by the Leader of the Opposition and the hon. member for Laurier.

Hon. Michael Starr (Minister of Labour): Mr. Speaker—

Mr. Speaker: I must inform the house that if the minister speaks now he will close the debate.

Mr. Starr: Mr. Speaker, I should like to express my appreciation of the participation of hon. members in the debate on second reading of the bill and the many suggestions that have been given us. As to the questions that have been asked, may I suggest to hon. members, and I think they will agree, that they were directed to certain clauses of the bill and in my humble opinion these same questions can be asked when we are in the committee stage. We will endeavour to provide satisfactory answers to them at that time.

However, I do wish to make some comment on what has been said in the debate so far. It has again been put forward by those participating in the debate that the government caused delays with regard to this situation. I want to reiterate that that has not been the case. This whole problem has been of deep concern to the government, particularly to the labour department. We have used our facilities to the fullest extent. Because of the fact that we believe firmly in collective bargaining we have endeavoured to use every means we possibly could think of to bring about a solution to the situation through collective bargaining between the parties and through mediation and the facilities of our department.

May I say that in the appointment of the commissioner of inquiry every possible formula was exhausted by him that could be thought of and he spent four to five weeks doing this in conjunction with the parties to the dispute. During that period of time there was nothing else the government could do as long as the negotiations were in progress. However, the stage was reached where the commissioner of inquiry reported to the Minister of Labour that he had exhausted all efforts and he made certain recommendations. Therefore all in all throughout the whole negotiation of the dispute there has been no time lag whatsoever.

The hon. member for Hull (Mr. Caron) suggested that the bill should be referred to the standing committee. Under ordinary circumstances that might be the right procedure but at the present time, with the situation as critical as it is in this particular instance, I say that would certainly cause greater delay and greater hardship. The hon. member for Skeena (Mr. Howard) wanted to know who the administrator would be and whether we were prepared to announce his name. I feel that should not be done now when we are in the process of dealing with the bill but the name of the administrator will be announced after the passage of the bill by parliament.

The hon. member also referred to having a look at the Industrial Relations and Disputes Investigation Act to see whether the legislation could be brought more up to date in order to deal with present problems. I might say to him that one of the first actions I took on assuming office was to ask for advice and suggestions from labour, management, in fact all interested groups in the country, as to how the act could be amended and improved to bring about better conciliation procedure and better collective bargaining between management and labour. I have received many suggestions but some of the more important bodies have not sent theirs to me

yet. I know that they are working on them and that they will be in my possession in the not too distant future.

With respect to the appointment of conciliation board chairmen, I have looked over the roster of those who have been used in the past and I am quite satisfied that the chairmen appointed during my term of office at least have been men with a great deal of experience and a good background in the field of industrial disputes. I feel certain that the procedure we have followed has been most fair and I might say that our industrial relations record in the settlement of disputes in the federal field of jurisdiction has been most excellent and is of high rating.

The hon. member for Laurier (Mr. Chevrier) asked a number of questions. I suggest to him that he ask them in committee on the clauses of the bill and we will endeavour to supply the answers. However, I might point out that the administrator will be an agent of the company in the operation of the steamship line so that the financial responsibility, whichever way it is, will be a responsibility of the company.

Mr. Martin (Essex East): Only for the purpose of carrying on the business of the company.

Mr. Starr: And financial responsibilities, the operation. I want to thank the hon. member for Vancouver East (Mr. Winch) for his remarks, particularly with regard to the responsibilities of management, labour and government. I think he is right. There is a great deal of responsibility and the time may be coming when we must look at the situation to see where responsibility lies so that each of us will carry out our own responsibilities in the hope that we will bring about a situation that will be harmonious in the future.

Mention has been made of what I am loath to call compulsory arbitration. I would prefer to call it binding arbitration. In this regard I can only say that the power is there to impose arbitration of the differences remaining after, and only after, the other procedures provided have been exhausted and there is danger of an emergent situation of serious proportions arising. However, as I have indicated, implementation of that particular provision in the bill will only arise if and when circumstances at the time indicate that it is required. Indeed, Mr. Speaker, it is the hope of the government that by having this power in the bill this in itself will make it unnecessary to use it provided, of course, that the parties involved in the dispute display a reasonable sense of the public interest and, of course, their own interest in this matter.

Mr. Pickersgill: As they did in 1950.

[Mr. Starr.]

Mr. Starr: I am hoping that reason will prevail in the discussions that will be held on a collective bargaining basis. I do not think a time limit can be put on them. As long as people are willing to talk about a problem they have between them, most certainly we should not impose a time limit because that is the system upon which we have based collective bargaining and it is a system acceptable to both management and labour. That is all I have to say at this time.

Mr. Speaker: The question is the following—

Mr. Howard: Mr. Speaker, I should like to correct what may be a misunderstanding of my earlier remarks to which the minister referred. In my reference to conciliation board chairmen I was not confining my remarks to those appointed specifically and purely under federal jurisdiction but was referring to my knowledge of conciliation board chairmen as they have operated both in the federal and provincial fields.

The house divided on the motion (Mr. Starr) which was agreed to on the following division:

YEAS

Messrs:

Aiken
Allard
Allmark
Anderson
Balcer
Barrington
Baskin
Beech
Bell (Carleton)
Bell (Saint John-Albert)
Belzile
Best
Bigg
Bissonnette
Boulanger
Bourbonnais
Bourdages
Bourget
Bourque
Brassard (Chicoutimi)
Brooks
Browne (St. John's West)
Browne (Vancouver-Kingsway)
Brunsden
Cadieu
Campbell (Lambton-Kent)
Campeau
Cardiff
Cardin
Caron
Cathers
Chambers
Charlton
Chevrier
Churchill
Clancy
Coates
Comtois
Cooper
Creaghan
Crestohl
Crouse
Danforth
Denis
Deschambault
Deschatelets
Diefenbaker
Dinsdale
Dorion
Doucett
Drouin
Drysdale
Dubois
Dumas
English
Fairclough, Mrs.
Fairfield
Fane
Fisher
Fleming (Eglinton)
Fleming (Okanagan-Revelstoke)
Flynn
Forbes
Forgie
Fulton
Gillet
Grafftey
Green
Grills
Gundlock
Hales
Hamilton (Notre Dame de Grace)
Hamilton (Qu'Appelle)
Hanbidge
Harkness
Henderson
Hicks
Hodgson
Horner (Acadia)
Horner (Jasper-Edson)

Horner (The Battlefords)	Muir (Cape Breton North and Victoria)
Houck	Muir (Lisgar)
Howard	Nasserden
Howe	Nielsen
Johnson	Noble
Jones	Nowlan
Jorgenson	Nugent
Jung	O'Hurley
Kennedy	Ormiston
Kindt	Pascoe
Korchinski	Paul
Kucherepa	Payne
Lafreniere	Pearson
Lahaye	Phillips
Lambert	Pigeon
LaRue	Pratt
Latour	Racine
Leduc	Rapp
Legere	Rea
Lessard	Regnier
Letourneau	Ricard
Lockyer	Richard (Kamouraska)
Macdonnell	Richard (Ottawa East)
MacEwan	Robinson
MacInnis	Rogers
MacLean (Queens)	Rompre
MacLean (Winnipeg North Centre)	Rynard
Macnaughton	Simpson
Macquarrie	Small
MacRae	Smallwood
McCleave	Smith (Calgary South)
McDonald (Hamilton South)	Smith (Lincoln)
McFarlane	Southam
McGee	Speakman
McGregor	Starr
McIntosh	Stefanson
McPhillips	Stinson
McQuillan	Tasse
Maloney	Thomas
Martel	Thompson
Martin (Essex East)	Tremblay
Martini	Tucker
Matthews	Valade
Milligan	Villeneuve
Monteith (Perth)	Webster
Montgomery	Weichel
More	White
Morissette	Winch
Morton	Yacula—178.

NAYS

Nil.

Mr. Speaker: I declare the motion carried. Is the house agreeable that this matter be put into committee before we rise?

Some hon. Members: Agreed.

Bill read the second time and the house went into committee thereon, Mr. Rea in the chair.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

On clause 1—*Short title.*

Mr. Howard: Perhaps I might first ask a question of the minister and, following his reply, depending on what it is, I may have a comment or two to make. This may not be the proper section on which to raise this particular question, but I do not see any other clause in the bill under which it could arise. My question deals with the subject of penalties arising out of failure to comply with the act.

In reviewing some of the comments which were made on the bill of 1950 I see reference was made to the Criminal Code. I wonder if the minister could indicate whether section 107 of the Criminal Code is the provision that sets out the penalties?

Mr. Fulton: Perhaps I might answer that question, Mr. Chairman. I am not able at the moment to give the hon. member a reference to the section, but I will answer him before I sit down. Perhaps at this point I might answer a number of the other questions which were raised on second reading.

First, there was a question as to the principles on which this bill is founded. The Leader of the Opposition, the hon. member for Laurier, and the hon. member for Bonavista-Twillingate all raised this point and asked if we would indicate the principles on which this bill is based. Some hon. members said we had not indicated yesterday what was the principle of the bill. I would suggest to them that both the Prime Minister and myself indicated fairly clearly yesterday what was the general principle on which we were founding this legislation. The Prime Minister said yesterday, as reported at page 2578 of *Hansard* that

> Public security and the maintenance of a proper regard for the rights of others would demand the introduction of such legislation.

And I said, as reported at page 2582:

> The government recognizes that it is a matter of concern to the government on behalf of the people of Canada to see that the people of Canada are served with adequate transportation facilities, and I suppose that is the broad general principle involved in the bill.

I would suggest to the hon. member who raised this question that these two passages are an adequate expression of the reasons, if you like, why the government of Canada should take action at this time.

Mr. Martin (Essex East): May I ask a question on that point? The Prime Minister gave us the reasons—and they are now repeated by the Minister of Justice—namely public security and the rights of others, as a justification. That seems very plausible, but surely there must be some other principle behind the *raison d'être* of this bill, because every time management or labour takes a decision, that involves the rights of others. That kind of intervention would not justify action by

the government of the kind now proposed. I am sure the hon. gentleman would not argue that this is the case.

Mr. Fulton: If the hon. gentleman would read the two extracts together, as I suggested they should be read, he would have the answer to his questions—that this is the maintenance of an essential service which the government of Canada recognizes as being a concern of government. It is on that basis we felt it was essential to act.

The hon. member for Laurier pursued in somewhat more detail the question of the constitutional validity of the legislation. He asked whether in view of the provisions of section 92 this matter came within the legislative competence of the parliament of Canada. I would answer him by saying it has been generally recognized over the years that this service is an essential part of the transportation system of the Canadian Pacific railway and that the transportation system of the Canadian Pacific railway is one which falls under federal legislative jurisdiction. And inasmuch as the service connecting the mainland of British Columbia with Vancouver island is an integral part of the Canadian Pacific railway's transportation system, it is therefore clearly within the exceptions contemplated by section 92, paragraph 10(a) and thereby comes under the general provisions of section 91, paragraph (29) of the British North America Act.

In addition, I would refer the hon. member to a decision of the Supreme Court of Canada as to the validity and applicability of the Industrial Relations and Disputes Investigation Act recorded in the 1955 supreme court reports at page 524 in which the question of the jurisdiction of the dominion government in connection with labour disputes arising with respect to steamship companies of this sort was decided. The court had before it for consideration the applicability of section 53 of part II of the Industrial Relations and Disputes Investigation Act, and I am reading, now, from page 534 of the supreme court report:

> 53. Part I applies in respect of employees who are employed upon or in connection with the operation of any work, undertaking or business that is within the legislative authority of the parliament of Canada including, but not so as to restrict the generality of the foregoing,
>
> (a) works, undertakings or businesses operated or carried on for or in connection with navigation and shipping, whether inland or maritime, including the operation of ships and transportation by ship anywhere in Canada.

The court found that the parliament of Canada had complete legislative jurisdiction in connection with navigation and shipping. The operations of the British Columbia coastal steamship service by the Canadian Pacific Railway Company falls immediately and directly under that section of the Industrial Relations and Disputes Investigation Act. At that time Mr. Justice Kellock, as reported on page 561, found in part as follows:

> In my opinion, therefore, such matters as wages, hours of labour, and agreements relating to conditions of labour upon ships, whether operated in local or interprovincial or international waters, are within the exclusive jurisdiction of parliament.

I may say that the court by a majority found that parliament had exclusive legislative jurisdiction in connection with labour matters on ships in Canada.

Mr. Chevrier: May I ask a question here? The point the minister is making is that there are two areas under which parliament would have jurisdiction. There is the case he has just referred to, and which I am not in a position to assess without giving it some consideration, and the proposition that it has been recognized over the years that the British Columbia coastal steamships service is an essential part of the transportation system—

Mr. Fulton: I think I said it was an integral part.

Mr. Chevrier: Whether it is one or the other does not seem to me to make any difference. Let us say it is an integral part of the transportation system of the C.P.R. I do not think that is sufficient. I should like to see some evidence that that is the case. I know that is not the case with reference to the Canadian National Railways. It is not all the steamship services of the Canadian National Railways that are considered as an integral part of that railway. The minister did make the statement and I am not in a position to deny that it is accurate but I do know of certain instances in which it has been argued that the steamship services of the Canadian Pacific railway were not for other purposes an integral part of the transportation system. That is the reason I was raising the point. I wondered if the bill were referred to a committee, which of course it cannot be under the circumstances, and if it were possible to ask these questions of the steamship officers, they would be able to provide answers with which I would be perfectly satisfied unless, of course, after reading the decision, that proved to be the answer. However, I did want to make that observation with reference to the steamship services because I am not convinced it is in all cases an integral part of the railway system.

Mr. Fulton: I do not think it is necessary for the purposes of this legislation to argue that point in too fine detail. As I said yesterday, it is, I think, accepted without question that the parliament of Canada has jurisdiction over the Canadian Pacific Railway Company

and on that broad general principle we rested our general case. In addition, there is the specific finding of the Supreme Court of Canada that, with respect to labour relations on steamships of this nature, the parliament of Canada has exclusive jurisdiction, so I do not think there is really room for doubt but that this legislation is within the competence of parliament to enact.

The question was raised as to the financial relationships between the government and the Canadian Pacific Railway Company once the administrator is appointed and assumes responsibility under this bill.

Mr. Chevrier: May I see the decision?

Mr. Fulton: Mr. Chairman, the hon. member for Laurier has asked me to show him the decision. I should say I have not attempted to summarize all the judgments. It was a majority decision of the Supreme Court and the passage from Mr. Justice Kellock's judgment seemed to me to be representative of the majority opinion.

Mr. Pearson: Before the minister leaves the question of the principles on which the legislation is based I wonder if he would elaborate on that principle which he has mentioned and which was invoked by the Prime Minister yesterday, that of public security. He will be aware, as hon. members of the committee will be aware, that when the provincial government of British Columbia took over the administration of a shipping line the other day they invoked that principle of public security in its civil defence aspect. Is that what the government has in mind when it refers to the principle of public security as a principle, among other principles, justifying this legislation?

Mr. Fulton: Mr. Chairman, I have tried to indicate that the decision of the government was that the public interest demanded legislation of this sort. I should add only that the federal government has jurisdiction in this field. And so you have the two things: the public interest demanded it—and all my hon. friends on the other side of the house who spoke this afternoon agreed with that statement—and then I went on from there to try to satisfy the hon. member for Laurier by saying that not only did we have that basis for the legislation but we had the solid constitutional basis on the authority of the principles that I have laid before him in the last few minutes.

Mr. Pearson: I quite agree, Mr. Chairman, that public interest can undoubtedly be used as a valid principle for this legislation and I take it from what the minister is saying that by public security the Prime Minister meant public interest because public security can be a much more limited concept than public interest.

Mr. Fulton: I dare say that the hon. gentleman is quite right and I take it that there is no quarrel but that it is in the public interest and there is, therefore, justification for intervention at this stage by the federal government. I think we are all on common ground in that connection.

Then the question was raised as to the financial relationship that would be created between the government and the Canadian Pacific Railway Company as a result of the appointment of the administrator and whether or not the government would be liable for the losses, if any, incurred by the company and whether or not any surplus would accrue to the government. I suggest that the simple answer to both these questions is found in the fact that the administrator will be the agent of the company and I have not yet heard of an agent who was responsible or liable for the losses of his principal or an agent who could put into his pocket any profits made by his principal. I think that is the simple answer.

With respect to the other aspect of this question, the relationship of the administrator to the company, hon. members asked whether or not the company could suspend service or sell its ships or do other similar acts when this bill comes into effect. I should like to point out to hon. members that the bill provides that the administrator is appointed for the purpose of carrying on the business of the company. I suggest, therefore, that the wording of that clause would indicate that the company cannot arbitrarily dispose of its business or arbitrarily suspend services while the administrator is empowered to carry on under the terms of this legislation.

Mr. Pearson: Mr. Chairman, may I ask a question on that point? What the minister is saying, I take it, is that the company operating the ships under the administrator, if this legislation is passed, cannot now dispose of any of those ships irrespective of any operating losses that might be incurred in the management?

Mr. Fulton: I would answer that by saying that the administrator is appointed with the powers and under the provisions of clause 3 of the bill and further the governor in council is empowered to make regulations for carrying out the purposes and provisions of the bill and for ensuring the operation of the business of the company and for directing the administrator in the carrying on of the business of the company pursuant

to this bill. By virtue of those two provisions that sort of question with relation to the business of the company would have to be reviewed before any decision was made in connection therewith.

Mr. Martin (Essex East): Surely my hon. friend left out an important word in that clause. Clause 7 (a) reads as follows:

(a) for ensuring the continued operation of the business of the company;

I agree with the minister that he may ensure the operation of the business of the company but the significant phrase is the continued operation of the business of the company.

Mr. Fulton: Yes, Mr. Chairman, the hon. gentleman is correct in that respect. By virtue of that provision and, as I say, the provision of clause 7 (b), any such proposal, it seems to me, would have to be reviewed before any action was taken thereunder.

Mr. Howard: Mr. Chairman, I wonder if the minister is now in a position to answer my question?

Mr. Fulton: With respect to the question asked earlier by the hon. member for Skeena, he is correct in his reference to section 107 of the Criminal Code as being a general penalty clause but with respect to the position of corporations under that section I would refer him to section 623 of the Criminal Code which provides in effect that although you cannot put a corporation in jail you can substitute for a jail sentence a fine imposed against a corporation.

Mr. Howard: Can the minister tell me what the amount of the fine is to save me looking it up?

Mr. Fulton: There is no limit provided by the section; it is in the discretion of the court.

Mr. Howard: In that light, Mr. Chairman, if I have it correct, section 107 would provide for a jail term of a period of two years. There is no provision under section 107 for the court varying the length of the sentence?

Mr. Fulton: Two years is a maximum sentence. It may be anything up to two years.

Mr. Howard: In conjunction with or in lieu of a jail sentence for a contravention, could a fine be imposed by the court?

Mr. Fulton: Not as I understand it against an individual, but an individual could receive a suspended sentence.

Mr. Martin (Essex East): We are still dealing with the first clause under which there may be a general discussion. I have a number of questions on the very point that my hon. friend is making and I want to follow up the answer that the Minister of Justice has just made with regard to the continued operation of the company but I would think that at this stage we ought to be discussing the more general terms and deal with that particular point when we come to section 7, and I think my hon. friend's point would come under section 4.

Mr. Howard: I should like to deal with the question of penalties, if I may.

Mr. Fulton: With the permission of the hon. gentleman, may I make a correction. It is pointed out to me that under section 622 there is provision for a fine in lieu of a jail sentence against an individual.

Mr. Howard: If the suggestion is that we cannot deal under section 1 with the question of penalties, which is a general matter arising out of other sections of the legislation, Mr. Chairman, it would seem to me that this would be the most appropriate place to deal with it; for, arising out of the discussion, it might be felt wise to make some revision in the bill or have additional clauses added or changes made in the present clauses respecting penalties. I would think that this would be the more appropriate place to deal with the question of penalties than section 4 or any other specific section. I should like to proceed along that line, if I may, Mr. Chairman.

The question of penalties is a rather important one, because certainly the bill sets out that there shall be certain things done and certain things shall not be done, or people should refrain from doing them. Specifically, every employee is supposed to return to his duties. The company is to refrain from discriminating against or discharging employees by reason of their having participated in the strike, and things of that nature. I would submit that the providing for penalties under the three relative sections of the Criminal Code which the minister mentioned is certainly not in keeping with our past practice or understanding with respect to penalties arising out of contraventions of the present Industrial Relations and Disputes Investigation Act, illegal strikes and things of that kind.

With my limited knowledge of the federal labour code or the Industrial Relations and Disputes Investigation Act, I would point out that there is no provision in that act for jail terms being imposed on employees who contravene the act with respect to failing to work. I am thinking particularly of this. If this bill passes and a group of employees, in concert with one another, decide to refrain

from working, then they would be in contravention of the act and in all probability—this is a legal point—it would also be an illegal strike.

The other phase of it is that while the administrator is charged with the responsibility of carrying on the business of the company and assuring its continued operation, yet if the company likewise acted to prevent the employees from carrying on or working for it there would be in effect an illegal lockout. I would like to know what is the position of the company or of an employee or a group of employees who find themselves for one reason or another in an illegal strike or in an illegal lockout? Would they be subject to the penalties set out in the Industrial Relations and Disputes Investigation Act which provides merely for fines in the case of an employer who declares or causes a lockout contrary to the act? He is liable on summary conviction to a fine not exceeding $250 for each day the lockout exists and every person who acts on his advice, and so on. Every trade union which declares or authorizes a strike is guilty of an offence and liable on summary conviction to a fine of $150 for each day, and every officer or representative of a trade union which authorizes or participates, and so on, is guilty of an offence, and again a fine is imposed.

It seems to me that we would be well advised to keep the question of penalties in line with the application of penalties for similar acts under the Industrial Relations and Disputes Investigation Act. I suggest that the providing of a penalty of a jail sentence, albeit the court may suspend it, up to a maximum of two years, is certainly not in keeping with the principle that we have adopted in contraventions of the present Industrial Relations and Disputes Investigation Act. I would appreciate it very much if we could have some clarification of that. In any event, I think we would be well advised to put a further section in the bill before us now restricting penalties for contraventions of it to the penalties which are set out in the Industrial Relations and Disputes Investigation Act.

Mr. Fulton: Mr. Chairman, perhaps I had better outline the general position under this bill and then deal specifically with the points raised by the hon. member for Skeena. Actually, several hon. members in the course of the debate on second reading asked the question, what happens to employees who are not now in the area and what happens, for instance, to employees who formerly were working on the two ships which were sold between the time of the commencement of the strike and the present day? I would direct the committee's attention to the terms of section 4, which is the operative section here, which states, reading from line 12:

> —every employee who is now on strike shall return to the duties of his employment—

So that an employee who is no longer an employee of the company, and who is not on strike but has left and taken other employment is obviously not covered, and not bound to come back to the work which he was doing on May 16, or before May 16, when the ships were still sailing. That is the first point that should be realized. The only ones who will be obliged to go back to their employment are those who now regard themselves as and are in the position of employees of the company and who are prevented from returning to work by the fact that there is a strike in force. Those are the only people to whom this legislation will apply.

Then, in the second place, the provisions of the Criminal Code, to which I referred earlier, will apply, in so far as employees are concerned, only to those who refuse to go back to work notwithstanding the provisions of this act. Once they have gone back to work, once the operations have been resumed and the men are working again then, as I understand it, with respect to the employees, the company, and the unions as bargaining agents, the penalty provisions of the Industrial Relations and Disputes Investigation Act will apply. It is only with respect to persons, if any, who defy the provisions of legislation enacted by parliament and refuse to go back to work, or refuse to resume operations, in the case of the company, or continue to counsel men not to work, in the case of a union, that the penalty provisions of the Criminal Code to which I have referred would apply.

Let us be quite frank about this. We do not contemplate, in fact we are confident that neither men nor unions nor company will defy legislation enacted by the parliament of Canada. It is for that reason, amongst others, that we have not put a special penalty provision in this legislation. The situation is, therefore, that we are satisfied that men, unions and company will co-operate to resume operations. Once that is done, then, as I have said, the provisions of the Industrial Relations and Disputes Investigation Act will apply. There will be a collective agreement in force by virtue of the legislation and if there should be any cessation of employment on the part of the men by strike action or lockout action by the company then, because there is a collective agreement in force the

provisions of the Industrial Relations and Disputes Investigation Act will apply.

Mr. Howard: Mr. Chairman, first of all it was not my suggestion that a special provision should be put in the bill with respect to penalties but that the penalties applicable under the Industrial Relations and Disputes Investigation Act should apply under this legislation. The question of employee-employer relations is involved, with which the Industrial Relations and Disputes Investigation Act also deals, and in my opinion to provide for penalties under section 107 and the other two relevant sections of the Criminal Code in the initial instance is to make special provision with respect to infractions of this legislation. In order to make things equitable across the board and to treat this dispute as we have treated all other industrial disputes or relations between employers and employees under the Industrial Relations and Disputes Investigation Act in the past, I submit that the penalties under that act should apply and that we should not make the special provision of a two year jail sentence by way of penalty.

Mr. McPhillips: It is not a special provision; it is the law of Canada.

Mr. Fulton: I think what my hon. friend does not appreciate is that what we are doing here is enacting a statute to get the men back to work and to get the company to resume operations. It is only if there is defiance of the legislation that the penalty under the Criminal Code applies. I would ask my hon. friend whether he does not really agree, if there is concerted, deliberate defiance of a statute of parliament enacted to bring about the resumption of this operation that the penalty provided by the Criminal Code should apply, especially in light of the fact that once the operation is resumed, the ships are operating and the men are back at work then it is only the penalties provided by the Industrial Relations and Disputes Investigation Act that will apply. It seems to me that that is a reasonable situation to provide.

Mr. Howard: I understand the minister's interpretation of the application of penalties but I shall submit that the penalties should be set out in the bill and that they should not be as severe as those under section 107 of the Criminal Code in the initial instance involving an infraction related to not doing what the legislation provides in order to get operations resumed. The minister may have in his own mind a good understanding of the definition of "employee" and whether or not an employee is or is not on strike but I would submit that the interpretation he has given does not clear up the question. Some years ago, when the O.B.U. and the industrial workers of the world were formed they attempted to establish the principle that when a group of employees went on strike it was not compatible with their theory of conducting strikes that any of the people on strike should go to work somewhere else. They attempted to establish the idea that if a person was on strike he was on strike and that was it. He walked up and down on the picket line and was not supposed to leave the picket line to try to earn income from some other source.

Since that time that attitude has changed. A number of unions now have strike funds and receive contributions from other unions with which they attempt to make relief payments to the people on strike. But they also promote the idea of as many employees as possible finding employment elsewhere during the period of the strike.

Mr. McPhillips: Take another man's job away from him.

Mr. Howard: If the hon. member for Victoria (B.C.) wants to participate in the debate in more than an interjectory fashion I suggest that he do so in a formal way by catching the eye of the chairman. I would also submit that his observations in this regard are probably no more accurate than those he made with respect to the efficiency of the employees working on these boats a few months ago. A person can be on strike and can be gainfully employed with some other company than the one against which he is on strike. Inasmuch as that situation now applies, is that person on strike or is he not? In his own mind he may say: "I am on strike against the Canadian Pacific Railway Company, B.C. coast steamships but I am working somewhere else in the meantime." Many people do it.

It is a question of the attitude of the individual whether he is or is not on strike and you cannot define the attitude of the individual in a statute. I submit that there will be a great deal of difficulty in attempting to apply the provisions of clause 4. I only deal with it because the minister raised the matter but I think it may be just as well to do so now. You will have a difficult time applying the provisions of clause 4 with respect to individual employees. Some employees may find work elsewhere and some who would like to work in some other occupation may not be able to. What is the difference between the two classes of employees? Unless we spell out the definition of "employee" more clearly there will be difficulty. It can be done under clause 2 or maybe under clause 4. I do not think that matters too much but we should spell out the

definition of "employee" more clearly so that it does not include individuals who consider in their own minds that they have left the employ of the company or individuals who, subsequent to the enactment of this legislation, decide that they no longer want to remain in the employ of the company. If you will spell that out clearly I think you will be in a much better position and will overcome the almost impossible task of legislating with respect to the feeling that an individual employee has when he is on strike and may be working elsewhere.

Mr. Fulton: I think the point that the hon. member has overlooked is that the bill does not override the right of the workman to quit his job. Therefore in the case of a man who no longer is working for and does not regard himself as an employee of Canadian Pacific steamships there would be no offence under this legislation.

Mr. Martin (Essex East): That is not what clause 4 says.

Mr. Fulton: The hon. gentleman knows very well—

Mr. Nowlan: We are not on clause 4 yet anyway.

Mr. Fulton: —that there must be the element of intent. The man must regard himself as an employee and say, "As an employee I refuse to go back to work because I am not satisfied with the wages or other conditions". But if a man says, "I am not working for the C.P.R. any more, I am working for a lumber company" or "I am travelling to the interior of British Columbia", then he is not an employee who is on strike, and the matter is just as simple as that.

This does not say that no one can leave his employment with the Canadian Pacific. A man can say, I do not want to work for the Canadian Pacific any longer; I am not an employee of the Canadian Pacific Railway coast steamships.

What this is designed to accomplish is that no employee or group of employees can say to themselves or to their fellows, "We will continue the strike against the Canadian Pacific boats, notwithstanding the provisions of this legislation". It does not prevent any employee from resigning from his employment with the steamship company.

Mr. Crestohl: He is bound by a contract.

Mr. Howard: I will accept the explanation and interpretation given by the minister at this time, but I still submit it is fraught with difficulties and the intent of the bill could easily be overcome.

Mr. Pearson: I think the point raised by the hon. member for Skeena is a real one, but perhaps we will be able to return to it when we reach clause 4 of the bill. I should like at this time to raise a point which I think cannot be raised except under clause 1 of the bill which we are discussing now. My point is one which was mentioned by more than one speaker this afternoon. It is the fact that there is no limitation of any kind in this bill in respect of time. There is no date set when this legislation could come to an end. Under this bill the process of collective bargaining can go on indefinitely or not go on at all. As I understand it, under the bill, the government can intervene in that process at any time it sees fit. There is no limitation of any kind in respect of that power of the government.

Hon. members will recall that in the 1950 bill provision was made by which, after a certain length of time—I think it was 30 days—if agreement had not been reached other steps had to be taken. When those steps were taken—as it happened under the legislation they were never required—

Mr. Fulton: They were taken.

Mr. Pearson: Not steps in respect of compulsory arbitration.

Mr. Fulton: An arbitrator was appointed.

Mr. Pickersgill: The parties agreed to the recommendation.

Mr. Pearson: In any event, the point remains that after a certain length of time action had to be taken under another clause of the bill. There is no provision of that kind in this legislation.

Mr. Starr: May I just set the record straight in respect of that point. In 1950 Mr. Justice Kellock was appointed arbitrator under the Maintenance of Railway Operations Act, section 5, and the date was October 17, 1950. He handed down his award under date of December 8, 1950 and the terms of his award were incorporated in the collective agreement between the railway companies and the union.

Mr. Pearson: There was agreement reached under the act before the expiration of the date after which compulsory arbitration had to be undertaken; that is the point I was making.

Mr. Fulton: The record does not agree with that because 30 days had gone by. The bill was enacted on August 30, 1950; the arbitrator was appointed on October 17, 1950, one month and 17 days later. I do not know all the facts because my hon. friend and his friends were in power at that time but it is my recollection, and the record seems to bear it out, that the compulsory features

had to be resorted to because of the time limit that the government of the day had written into the bill.

Mr. Pearson: We will be able to give our version of the record in due course. The fact remains that in that bill there was a time limit after which action had to be taken. When that action was taken, the effectiveness of the bill lapsed, as did the powers of the government under the bill. There is no such limitation of that kind in this bill. As I have said, the process of collective bargaining can go on and on or not go on, and at any time in the indefinite future the government, by order in council, can take the power which is laid down in this legislation.

We think, and my hon. friends opposite ought to appreciate the importance of this argument in view of what the hon. member for Bonavista-Twillingate pointed out this afternoon, in arguing that there should be such a limitation in this bill. I am not now concerned with the arguments, pro and con, that there ought to be a limitation on the time within which collective bargaining should be exhausted. But I do think there should be a time limit upon the bill itself. It seems to me, and my friends will tell me if I am wrong in this, the only way that this can be done is by the addition of a clause at the end of the bill which would provide that the act would expire at a certain time unless action were taken to keep it alive.

When we come to that time, Mr. Chairman, and I suppose it will be at the end of our consideration of the clauses, we think that this sort of clause should be inserted in the bill. I am merely suggesting this to the government for any action which they might see fit to take, and if they do not see fit to take any such action we will, ourselves, submit an amendment at the appropriate time to the effect that the bill shall expire no later than the fifteenth sitting day of the next parliament.

Mr. Martin (Essex East): I should like to make one or two brief general observations, as I have not thus far participated in this debate. I agree, of course, with what the Leader of the Opposition has just said that in a matter of this importance, in order to preserve the freedom which is implicit in the principle of collective bargaining, there must be some limit, otherwise that freedom is not guaranteed.

Now, all of us in this house are confronted with a fait accompli presented by the administration. I must say, speaking for myself, I have had some difficulty with the position I took before six o'clock in registering my vote on this matter. I was influenced by the fact that the members in this house from British Columbia, particularly those who sit to my immediate right, thought that the statement of facts as presented by the government warranted their support. I do not know what is the situation in British Columbia. All I have is the statement made by the Minister of Labour, in whom I have great confidence, that the situation is one which, to use the ambiguous phrase of the Prime Minister, comes within the ambit of public security and the rights of others, but what I would prefer to regard in the light of the phrase used by the Minister of Justice, involves the public interest.

This situation is not unique. This kind of situation has arisen before within fairly recent times and the government did not bring forward the unusual legislation that is now before the house. When we were in power in 1955, I believe, there was a strike involving the *Princess Helene* which operates between Digby, Nova Scotia, and New Brunswick. This situation resulted in a considerable amount of dissatisfaction and provided great inconvenience for the population of the area. No steps were taken such as those now proposed by the present administration.

But the government of the day has a responsibility and in the light of its responsibility it says to us "This is the situation; this particular procedure must be followed in the national interest". I think a member would be bold who disregarded the implications of that statement by the government. But as the Leader of the Opposition said this afternoon, it is one thing to be confronted with a particular situation and it is another thing to ask why that situation had to arise at all. My leader charged that the government had been dilatory in allowing this situation to eventuate; and because it has happened, we in this parliament are confronted with the necessity of taking the unusual step that is proposed. Was the government dilatory?

Mr. Fulton: No.

Mr. Martin (Essex East): The Minister of Justice says no. I am going to deal with his visit to British Columbia in a few moments, a visit that might have some bearing on this point. What about the negotiations that took 65 days? Could they have been firmed up if the government had taken steps consistent with those now proposed? In any event we learned from the press on June 21:

> There are unconfirmed reports that, as a result of on-the-spot observations made by two members of the cabinet, the government may act and appoint a controller to run the C.P.R. ferry service between the island and Vancouver.

Then we know that on the next day or rather on July 23 from reports appearing in the local papers,—this one appeared in the Ottawa *Citizen*—the government was being spurred on by rebellious B.C. Tories and that it was still expected that there would be some delay in announcement of government policy but that a statement setting out the government's position would be made on July 23. Then it was indicated in this same newspaper story that opposition to the idea had developed within the cabinet itself:

It is not believed that the chief complaint is with the principle of seizing the fleet, a course advocated by the Conservatives in the 1950 C.P.R. railway strike, but with the terms under which the striking seamen will be ordered back to their jobs.

Then the story continues:

While cabinet thrashes out the problem, west coast M.P.'s are continuing to apply pressure. A delegation of four confronted Prime Minister Diefenbaker Tuesday afternoon demanding action to end the nine-week tie-up.

It was the second outburst from impatient British Columbia Conservatives. At a party caucus last week several joined in a noisy criticism of the government's inability to reach a decision.

Are these the facts? Is it a fact that members from British Columbia sitting on the opposite side who were close to the situation felt that the government last week and earlier should have taken steps suggested by them that are now being adopted by the government? If that is the case, then certainly the charge made by the Leader of the Opposition is well based. This government yesterday indicated the unusual course it proposed to follow. Did the government at that time have the bill ready?

Mr. Fulton: Yes.

Mr. Martin (Essex East): My hon. friend says yes.

Mr. Fulton: You obtained it last night.

Mr. Martin (Essex East): We obtained it last night but I suggest to this house that when the Prime Minister spoke yesterday morning it would seem—

Mr. Fulton: He spoke in the afternoon.

Mr. Martin (Essex East): Yes; yesterday afternoon.

Mr. Fulton: Don't be confused.

Mr. Martin (Essex East): When he spoke yesterday afternoon it would seem that the government's law officers had not yet prepared the bill that is now before the house. We received the bill for the first time at ten o'clock this morning.

Mr. Fulton: Wrong as usual.

Mr. Martin (Essex East): My hon. friend says wrong as usual. If that is the case, why was a mimeographed copy given only to the Leader of the Opposition late last night?

Mr. Fulton: That is all that was asked for.

Mr. Martin (Essex East): Let us not be mistaken about what is happening in this measure. It is all very well to suggest that this particular situation can only be corrected in this way. It may be that that is the situation at the moment as a result of allowing some 65 days or 68 days to pass without any action being taken by the government as a whole.

Mr. Starr: That is not true.

Mr. Martin (Essex East): By the government as a whole, except through the Minister of Labour and more particularly through Mr. Taylor who was his commissioner in the matter. But compare this situation with the situation that confronted the government of Canada in 1950 when the prime minister of that day was, to the knowledge of every man in this house and of the country, engaged every minute for many days in continuous negotiations with both management and labour, so much so that when he announced the settlement of the strike the representatives of the union paid the then prime minister of this country a most unusual tribute when they referred to his ceaseless efforts, efforts which alone they said were responsible for the advantage which they had achieved. Compare that situation with the situation involved in this matter. The Prime Minister's only known participation was the announcement yesterday that the government proposed to bring forward or to carry out this unusual procedure. There was no indication of real effort being made day in and day out to avoid the necessity of coming to parliament and asking for unusual powers, powers which the present Prime Minister and others criticized with such great vigour in 1950. They said that freedom had been denied and that the lights of freedom had gone out as a result of the policies of the previous administration. As recorded at page 73 of *Hansard* of August 30 of that year the Prime Minister said:

That was and is our attitude. No one had objection to paragraphs 1 and 2, and to the noble preamble. What is being done in this section of the bill is what we take our objection to, namely the granting of uncontrolled and untrammelled power to one person to determine decisions in trade union matters and to change the provisions for settlement of labour disputes that have existed for over seventy years.

And he continued:

I believe that if the debates that have taken place on this bill lead to the setting up in parliament of a committee to re-examine and restate the

principles of collective bargaining, much good will result in labour relations. Evolution makes change necessary.

But let there be no mistake that what we are doing here is granting uncontrolled and untrammelled power to one person. This bill is a bill that gives untrammelled power to one person and it is introduced by a government headed by one right hon. gentleman who used this argument as a mighty weapon against the former administration. This is one more example of chickens coming home to roost. This is one further example of the Prime Minister's being forced to eat his own words, of finding that when in office there is not the same freedom and the same luxury which he enjoyed for such a long time in the opposition.

An hon. Member: Careful; the Prime Minister may be listening.

Mr. Martin (Essex East): Someone says that the Prime Minister may be listening. If he is listening, he will shortly come into the house.

Mr. Pickersgill: Incidentally, why is he not here?

Mr. Starr: You were not here when the vote was taken.

Mr. Martin (Essex East): If those words of the Prime Minister in 1950 were valid in respect of the legislation then offered, what about the legislation that is now proposed?

An hon. Member: Would you agree that they were not valid then?

Mr. Martin (Essex East): In the light of the situation of that time with a national disaster confronting the country I felt that the government had no other course open to it in spite of the exhaustive efforts by the government of that day, including the prime minister, to bring about a settlement between the parties. We have had no evidence whatsoever here of those efforts being carried on by anyone other than by the Minister of Labour in the limited way indicated by him.

Mr. Starr: To the fullest extent. Not limited in any way at all.

Mr. Martin (Essex East): The minister corrects me. Now what I am seeking to establish is that these words of the right hon. gentleman that were quoted all over this country and used by him at Rotary clubs, Canadian clubs and political platforms to demonstrate his love of human liberty, now confront him tonight, and he should be the first to acknowledge that there are situations which would cause him to revise those statements made in 1950, particularly in respect of a measure which goes much further than the measure of 1950. That is why the Leader of the Opposition has suggested there should be a limitation of time. Otherwise, the company would be put in a position of being able to exercise over the men a form of control that would negative any assertion that there existed the right of collective bargaining for the period of the contract under the control of the administrator to be appointed under section 7 of this act.

In addition, this particular measure not only provides for an unlimited period of operation but it provides that the men shall go back to work on conditions of income return which represent the lowest recommendation made by one member of the conciliation board. My hon. friend corrects me. It is lower than that. That was not the situation with regard to the bill of 1950. With regard to the bill of 1950 the men were given an economic advantage that would encourage them and encourage the company to arrive at an agreement through the processes of collective bargaining. This does not exist in these particular circumstances because of the fact that the men will receive eight per cent instead of, at least, the middle recommendation. They will operate in circumstances that are the least generous of any of the awards made by the members of the board of conciliation.

And so, as we deal with this unusual measure, reserving for ourselves each in the light of our own conscience what our attitude will be towards some of these clauses, let there be no mistake about it—this government which criticized the previous administration so much for the course that it took has placed itself, as a result of its own dilatoriness, in a position where it has had to take a course similar in principle.

Mr. Fulton: We have just seen the traps into which simulated indignation can lead exemplified in the speech of the hon. member for Essex East. He has, on the one hand, attempted to suggest that this government should be condemned for doing, as he alleges, what his government did in 1950 while on the other hand he says we should be condemned because we are not doing it fast enough. He says we are putting this provision for compulsory arbitration in the bill.

Mr. Martin (Essex East): I never mentioned the words "compulsory arbitration".

Mr. Fulton: No, the hon. gentleman did not have the courage, because he does not like to be reminded of what they did in 1950 and what we have scrupulously avoided doing.

Mr. Martin (Essex East): Wait till we come to section 7.

Mr. Fulton: But the hon. gentleman tried to make out that we are doing it and says

that we should be condemned for doing it, and then he says: why do you not hurry up and do it, why do you not have a timetable and do it even faster.

Mr. Martin (Essex East): You have missed the point.

Mr. Fulton: The hon. gentleman is trapped coming and going and he is not even sure of the direction he is going in and he does not know what direction he would like us to go in either.

We are quite clear in our minds and intentions as to what we are doing, and we are clear that it is in the interests of the country and in the interest of the parties to the dispute. Let me remind hon. gentlemen opposite when they talk of the great courage they showed and the celerity with which they acted with regard to the railway strike of 1950, when they imposed compulsory arbitration with a time limit of one month, that there was another strike more comparable with the present one—a strike of the *SS Princess Helene* in the maritimes,—in which case they allowed the strike to go on for three months and did nothing.

Let hon. members opposite complain because we are doing something here tonight.

I was not quite sure, when I heard the hon. member for Essex East at the opening of his remarks, whether he was complaining because we had failed to act soon enough or because we had heeded and paid attention to the pleas of the people and to the pleas of hon. members from British Columbia. The committee will remember that he quoted with obvious relish a newspaper report about pressure being applied by what he called "rebellious British Columbia Tories". I am not surprised that he found that extraordinary, because there was never a Grit member on the backbenches, or a private member on that side who dared to rise in his place—

Mr. Pickersgill: Not many of them have risen over there.

Mr. Fulton: I see the hon. member for Bonavista-Twillingate is back in the committee having avoided voting on the bill.

We are glad that we have members who make their views known in the house and outside the house and in the caucus and that our members dare to raise their voices in caucus. We do not have a C. D. Howe running our caucus, and certainly we have listened to the views of hon. members from British Columbia, as we have paid regard to the interest of the people of British Columbia. What we are doing here is quite clear; we are providing that there shall be a resumption of operations; that the company's service shall be continued and that the men shall go back to work. Then we are providing for a principle in which we believe, and that is a resumption of negotiations looking to a settlement by the processes of free collective bargaining, and when hon. members opposite suggest we should be ashamed of having waited for 68 days, that is evidence of the difference between our party and their party when it was in power.

We believe in the processes of collective bargaining; they believe that governments should step in, and apply compulsion immediately, and they are trying to persuade us to do that. And then they believe that, having stepped in, governments should put a gun to the heads of the parties and say: you have a time limit within which to negotiate. Not only do they want to see in this bill the principle of compulsory arbitration, applied to the settlement of disputes, but they want a time bomb put in with the short limit of 30 days. That is what they did in 1950.

What they did in 1950 and what they want us to do today is to come to a situation in which the parties have negotiated for weeks and months and find themselves in fundamental disagreement, and then to say, "Now, you get back to work and negotiate and if you do not find a solution within 30 days then your negotiations are going to be blown sky high", so that violence will have been done to the principle of free collective bargaining.

Mr. Martin (Essex East): Would the hon. gentleman permit a question. Is he not aware of the fact that it was his own colleague from British Columbia, the Minister of Public Works, who suggested the period of 30 days?

Mr. Green: Mr. Chairman, on that point may I point out that the former prime minister suggested 15 days and I suggested that it should be at least 30.

Mr. Fulton: In other words, Mr. Chairman, then as now, my hon. friend the Minister of Public Works was twice as good as any of our friends opposite.

That, sir, is a short summary of the situation. My hon. friends opposite still believe in the principle of compulsion and they want it applied now. In fact, they wanted it applied yesterday. They say we should not have waited as long as we did, that we should have applied compulsion before. We have brought in the bill and they say, "Don't give the parties any time".

Mr. Martin (Essex East): Mr. Chairman, I rise on a question of privilege.

Mr. Fulton: Another question?

Canadian Pacific Steamships

Mr. Martin (Essex East): My hon. friend said that we have urged compulsion at this time and he keeps repeating that. My hon. friend knows he has said something that has not been urged by any hon. member on this side of the house.

Mr. Fulton: Mr. Chairman, from the Leader of the Opposition down to the hon. member for Essex East, those on that side of the house have said, "Apply compulsion and apply it tomorrow. Write a time limit into the bill". In effect they have said we should have done it as soon as the strike was called.

Mr. Pickersgill: That is absolutely untrue.

Mr. Harkness: You were not in the house.

Mr. Pickersgill: I was absent only when the Prime Minister was wasting the time of the house by an unnecessary vote.

Mr. Fulton: We do not operate in that way, Mr. Chairman. We have introduced a bill based on the principles I have outlined, namely that the people of British Columbia should continue to be served by getting these steamships back into operation, and that the parties should now be required to resume the process of negotiations without any time limit. Because we believe in the good faith of the Canadian people and we know that these parties are Canadians just as hon. members in this house tonight are Canadians, we believe they will recognize their responsibilities and accept that what the government did today was done of necessity after giving all the time that could be given up to now; and that with this bill in effect the parties will resume negotiations through the process of collective bargaining and will be able themselves to bring about a just and equitable settlement of the dispute.

Mr. Howard: Mr. Chairman, I have listened with a great deal of interest to my friend the hon. member for Essex East defending the action of the Liberal administration hither and yon with both barrels and condemning the government—although he probably did not mention it in those words—for introducing the question of imposed or compulsory arbitration. I have also listened to my hon. friend the Minister of Justice with equal relish attempting to decimate the Liberal forces and make reference to their attitude now and previously. It is one of the few occasions in my life when I find that I am in agreement with both hon. gentlemen.

However, I should point out that what these hon. gentlemen have been saying is incorrect for they both know—and my friend the hon. member for Essex East certainly should know—that the Maintenance of Railway Operation Act that was passed in 1950 contained words that definitely placed it in the category of legislation that imposes compulsory arbitration. He cannot get away from it no matter how he attempts to twist the words for in section 5 of that act the following provision appears:

> —the governor in council shall appoint an arbitrator to decide all matters not then agreed upon between them that appear to the arbitrator necessary to be decided—

Whether or not the parties agreed to this was immaterial. The governor in council was to appoint an arbitrator if the parties failed to do certain things.

Mr. Martin (Essex East): That is not compulsion.

Mr. Howard: My hon. friend says that is not compulsory arbitration but I submit that it clearly is the imposition of compulsion. That is the imposition of an arbitration board upon two parties to a dispute without their agreeing to it.

There are two ways in which you can obtain arbitration in labour disputes. One is for the two parties to agree to go to arbitration which has happened in the past and which, in fact, happens practically every day of the week in the interpretation of collective agreements and in the determination of whether or not a person was discharged for proper and just cause. In cases of that kind it has been mutually agreed between the parties that they should have arbitration. When arbitration is imposed on them from an outside source as it was in 1950 under the Maintenance of Railway Operation Act introduced by the former Liberal administration it is compulsory arbitration.

It is made compulsory, in the first place, that they participate in arbitration proceedings and the next logical step is that it is compulsory for them to accept what the arbitrator decides. It is the same principle as that enunciated in the bill before us, a principle with which hon. gentlemen opposite disagreed so strenuously when they were in opposition and concerning which they spoke in the last two election campaigns when they stomped up and down the country with their arms around the working class people saying, "You will never have this imposed on you in the future if you elect us".

This bill imposes compulsory arbitration because the matter must be referred to an arbitrator. I understand that subsequently this will be amended to read a board of arbitration but it is immaterial whether it is an individual arbitrator or a board because it is still compulsory arbitration. The principle outlined in this bill is that outlined in

the Maintenance of Railway Operation Act of 1950 and no matter how hon. gentlemen in the front benches of the Liberal party attempt to juggle the English language and no matter how hon. gentlemen in the treasury benches of the government attempt to twist the wording of this bill when referring to it, they cannot escape the fact that both parties have been guilty of introducing legislation that imposes compulsory arbitration upon parties to a dispute. This is the very principle that members of the government denounced in the last two elections and in years previous to them.

I have entered into a discussion of this matter only because it appeared that it was the intention on the part of both the supporters of the government and of the official opposition to say that this legislation and the act of 1950 to which I have referred are something that they are not. I think it would be well to put the question to the Minister of Labour point blank and ask if he agrees with compulsory arbitration or not.

Mr. Crestohl: Mr. Chairman, I should like to revert to the question of sanctions and the omission of any reference in the bill to sanctions or penalties which were mentioned by the hon. member for Skeena. There are at least five clauses in the bill which may provoke the imposition of sanctions of some kind either for any one refusing to return to work or submit to arbitration or for refusing to obey the directives of the administrator or in the event of disobedience to the provisions of clause 9 of the bill.

The Minister of Justice quite properly explained that sanctions or punishments are imposable under section 107 of the Criminal Code and he relies on that section for imposing punishments for disobedience or the violation of any sections of the proposed act. I do not think it is the intention of the Minister of Justice or of the government to be as severe as the act allows in the imposition of punishments upon an employee who refuses to go back to work or who disobeys an order issued by the administrator because the punishment under section 107 of the Criminal Code is very severe, in my judgment. That section provides for the imposition of a penalty of two years imprisonment without the choice of another form of punishment.

The minister also referred to section 622 of the Criminal Code, which might provide for a money penalty in lieu of imprisonment. If he will read section 622 I think he will find that that is not a fact. Under that section you cannot impose a money penalty in lieu of imprisonment.

Section 107 of the Criminal Code, following the application of law, says very clearly, or the judgments say, that the provisions of section 107 do not apply where the statute itself provides a penalty and a mode of punishment. The legislation now before us makes no reference to and provides for no mode of punishment whatsoever; consequently, in any penalty or punishment that was imposed we would have to fall back upon section 107 of the Criminal Code, and I do not think that that is the intention of the government.

I think the hon. member for Skeena did make a practical suggestion to remedy the situation. Perhaps the bill could be amended to say that in so far as a breach of any of the provisions of this legislation are concerned the punishment should be punishment similar to that which is contained in the Industrial Relations and Disputes Investigation Act, or some similar reference. I respectfully submit to the Minister of Justice that under good law, and in the application of the principle of law he should indicate in legislation of this kind the mode of punishment. If it does not say it directly, it should refer to some other statute which is similar in spirit and circumstances, and make the practice accordingly. I think that would certainly solve the question of the imposition of sanctions which I respectfully submit should be contained in the bill itself.

Mr. Fulton: I think I can only answer the hon. gentleman along the same lines as I answered the hon. member for Skeena, namely that this is not—if you like to call it that—a continuing statute which is liable to be the subject of continuing contravention in which you provide a scale of penalties. When enacted this will be a piece of legislation by which parliament directs a certain course to be followed in a certain set of circumstances. Therefore, it seems to me that the hon. gentleman himself, on reflection, would agree that where there is a wilful defiance of a statute enacted by parliament to deal with a specific set of circumstances the penalties made applicable by the Criminal Code should be allowed their normal operation. And, as I have pointed out, once there is a compliance with the direction of parliament—not of the government but of parliament—once there is compliance with that and there is a resumption of operation and return to work, then the penalties for infraction of this statute do not apply but the penalties provided by the Industrial Relations and Disputes Investigation Act will apply, because operations are in process and work is in progress and there has been compliance with this statute. Those penalties will, therefore, no longer be applicable.

I do point out, however, that section 107 creates a penalty for which there is a maximum sentence, not a minimum and, therefore, under the provisions of section 622, there is

the alternative of a fine and in both of those provisions it is in the discretion of the court, having regard to the nature of the offence, the state of mind of the accused and all the surrounding circumstances, to impose the appropriate penalty up to the maximum and only the maximum which is provided by the code.

Mr. Crestohl: I respectfully disagree with the minister. I am simply observing that section 622 does not provide an alternative. It might provide an alternative where there is an additional form of punishment, an additional punishment to the imprisonment imposed. There is an alternative on the second level of punishment but not on the original.

Clause agreed to.

Clause 2 agreed to.

On clause 3.—*Administrator.*

Mr. Howard: Mr. Chairman, on second reading I asked the Minister of Labour whether he could indicate the name of the administrator and he indicated that he would do it on the passage of the bill. I do not know whether he meant second reading or the passage of the bill by both houses of parliament.

Mr. Starr: Mr. Chairman, I meant that when the bill is passed by both houses of parliament then we will announce the appointment of the administrator.

Mr. Howard: Has the government someone definitely in mind and has that person accepted?

Mr. Starr: Yes.

Mr. Pickersgill: Why the secrecy?

Mr. Starr: Mr. Chairman, I do not think it is right that we should announce the administrator when parliament has not even passed the bill.

Mr. Howard: According to a subsequent portion of this section of the bill the administrator is to be an agent of the company. Will he be paid and employed by the company or will the crown enter into any financial arrangement with respect to his remuneration as administrator?

Mr. Fulton: If I might answer that, I think the appointment of the administrator is provided for in the section which we are now discussing, not by a later section, but by subsection 2 of the present clause.

Mr. Howard: I said a subsequent portion.

Mr. Fulton: I am sorry. Subsection 2 provides that he will operate as the agent of the company and he will therefore not be paid, as I understand it, by the company but he will be—

Mr. Martin (Essex East): He will not be paid by the company?

Mr. Fulton: He will not be paid by the company in accordance with the present intention. For the purposes of the operation he will be carrying on as the agent of the company.

Mr. Chevrier: And paid by whom?

Mr. Howard: By whom will he be paid, if anybody?

Mr. Fulton: If he is not paid by the company, surely the hon. gentleman can draw his own conclusions as to who will pay him. I do not want, by a sort of question and answer process, to open the door to a process of elimination as to who the administrator will be, but I think I can say that the present intention is to appoint somebody who is in the government service at the present time.

Mr. Caron: Will he be a government employee? The question is important, sir. If the man is paid by the company and acts for the company, then he is responsible only to the company.

Mr. Fulton: I have just said the man will not be paid by the company.

Mr. Chevrier: Mr. Chairman, may I ask for some enlightenment with reference to the second part of subsection 2 of section 3 which reads:

> —except that the company does not have any right to control the business of the company—

Will the administrator have the power to prevent the sale of additional ships?

Mr. Fulton: Yes, Mr. Chairman, I would say that under the terms of the statute he would have the power to do so.

Mr. Chevrier: May I ask another question? As to the employees who are on the ships which have been sold, what is their position and how is it covered in this section?

Mr. Fulton: My answer is that they would no longer be employees of the C.P.R., no longer employees of the company.

Mr. Martin (Essex East): The minister said that the agent would have the power to prevent the sale of the ships. The important question is, as the agent is responsible to the governor in council, what is the policy of the government with regard to that? Will the government permit the sale of the ships?

Mr. Fulton: Mr. Chairman, I think the hon. member is asking me a question based on a hypothesis. We have discussed these matters with the company and, as I said last night, I

have no knowledge of any present intention on the part of the company to sell their ships so the question does not arise.

Mr. Pearson: Mr. Chairman, it surely does in this way, that the company under the bill will have no right to control its business. That will be done by an administrator appointed by the government and subject to any instructions he may receive from the governor in council. Therefore if the company finds that it is operating this service at a great loss it has no control over its business and would not be able to take steps to reduce that loss by disposing of ships or in any other way without the approval of the administrator and, presumably, without the approval of the governor in council which gives instructions to the administrator. Therefore it is not the company now but the governor in council which will decide the operating policy of this shipping company under the administrator.

Mr. Fulton: I do not know whether I would go quite as far as to say that we will decide the operating policy of the company under the administrator. The intention is quite naturally that the day to day physical operation of the ships will be carried on by the company. There is no intention of putting in an administrator who will interfere and make radical changes with respect to the operation of the ships. He will not be qualified to do that. He will not have the staff to do it.

As to what would happen in the event of the eventualities arising to which the Leader of the Opposition has referred, I do not think it is possible or sensible for us to attempt to answer at this time because it will depend upon the circumstances in existence at that time. The purpose of the bill is to cause the resumption of operations and the hope and expectation is that the dispute will be settled within a reasonable time and a new collective agreement brought into force at which time, of course, the administrator will immediately be withdrawn.

Mr. Martin (Essex East): Mr. Chairman, this is undoubtedly one of the most important features of the measure. The minister has said that the agent will be able to prevent the sale of the ships. He expanded on that in his answer to the Leader of the Opposition. We in this house are about to take the very important step of imposing upon both management and labour unusual obligations in the matter of labour negotiations. The company has already disposed of two ships. The men are going back to work on the basis of an increase of eight per cent in the rate of wages established by or pursuant to the agreement. That represents the lowest recommendation made by one member of the board.

If there is any danger of these ships being disposed of, we should know that now. The minister said that at the present time he did not know of any intention but the government should go further. The government should say that as long as men are subjected to this particular form of imposition they shall not be prejudiced by having the rug pulled out from under them by the sale of the ships which might be approved of by the administrator and, pursuant to the regulations envisaged in clause 7, by the governor in council. There should be an unequivocal statement by the government on the matter of the disposition of the ships.

Mr. Fulton: I think that the short and simple answer to that very bold and brave statement by my hon. friend is, did his government ever make a statement as to whether or not they would prevent the C.P.R. selling their ships when they were in power? The answer I have given already is the obvious answer to the situation and the only one that can be given. When and if circumstances arise in which it comes to our knowledge that the company wishes to pursue a certain course of action with regard to the ships, the course of action of the government and of the administrator will have to be determined at that time. It is not possible nor would it be sensible to attempt to write into the statute at this time a course of action which would govern for an indeterminate period because I might point out to the hon. gentleman that if in fact there were no strike, if this situation had not arisen, neither we nor he could stop the C.P.R. from selling its ships.

Mr. Martin (Essex East): That is a different situation.

Mr. Pearson: In reply to what my hon. friend has just said, perhaps he should be reminded that when we were in power the cabinet never ran a shipping company but under this clause this shipping company will now be run, not by a crown company, not by the company itself, not by an administrator but by an administrator getting his instructions from the cabinet. Under those instructions he can do all such things as he thinks fit for the purpose of carrying on the business of the company. We now have, and I think it must be the first time in history, a government directly operating a shipping company through an administrator, and that is why we are so very interested in the policy of the government in this regard.

Mr. Fulton: The hon. gentleman is not quite right. In fact, he is far from right. There

were three occasions when the previous government appointed a controller as they called him, not an administrator. They appointed one to run shipping on the great lakes, and I doubt very much, if they had been pressed—

Mr. Pearson: That was in wartime.

Mr. Fulton: —as to what they would have done if one of the companies had come along and said that it wanted to sell its ships that they would have said anything other than what I am saying now, that if and when that eventuality arises, which is not likely, we will make up our minds as to what is the proper course to pursue.

Mr. Crestohl: Can the minister tell us whether the controller to whom he has just referred also carried the title of agent of some company because here you have a paradox?

Mr. Fulton: I have not got the orders in council here although I have read them, but as I recall it he was given even greater powers than we have given the administrator because he was given all the powers of the board of directors of the company.

Mr. Pickersgill: Mr. Chairman, the minister has said two very contradictory things. He said earlier when we were talking about a time limit that he anticipated that the parties would bargain in good faith and that the statute would be in operation for a very short time. A few moments ago he talked about it lasting for an indeterminate time and said that it was therefore impossible for the government to say what it would do about these ships during that indeterminate time. The government should decide which of these two positions it is going to take in defending this bill. If the minister is right that it is only going to be a matter of a few weeks or a few months before the act is spent, then surely it is not unreasonable for the government to give us an undertaking that these ships will not be sold during that period. I say that, Mr. Chairman, because we should realize what we are being asked to do here. We are being asked to compel men to go back to work on these ships at a wage fixed by the government, at a wage that cannot be changed. Parliament is being asked to compel these men to go to work and to leave it to the governor in council to decide some day that the company can sell its ships, in which case the men will have no jobs. This is what we are being asked to do. It is a most arbitrary thing. The minister said that it was parliament that was going to direct this operation, not the government.

Mr. Fulton: I said that parliament is going to direct the resumption of operations.

[Mr. Fulton.]

Mr. Pickersgill: Exactly. In other words, parliament is being asked to approve a bill which will have the effect of compelling men to go to work and compelling them to go to work at a wage fixed by the government.

An hon. Member: You told us that before.

Mr. Pickersgill: Well, it is worth repeating a good many times because, as I said earlier, this is much worse compulsion than any other form of compulsion in this legislation.

Mr. Fulton: My hon. friend obviously has not read the legislation of 1950 when there was a rate of wages fixed.

Mr. Pickersgill: If the hon. gentleman would listen instead of being so anxious to interject, as he always is, he would have perceived that I was talking about this bill and not any other. I was saying that the compulsory feature in the bill that I find most objectionable is not even the suggestion that there may be arbitration at some future date. What I find most objectionable is that we are being asked, and I admit I agreed to go along with it, to compel a group of men to go to work and remain at work at a fixed wage. That is what we are being asked to do and it is a pretty grave thing to be doing. That is what we are asked to do, yet the government will not tell us whether they might one day allow the Canadian Pacific to sell the ships out from under these men and leave them without jobs.

It does seems to me that this legislation is so extraordinary, and what parliament is being asked to do is so unusual—the kind of thing we want to do as rarely as possible—that the government should tell us they will not permit any of these ships to be sold for the duration of this act, or if they believe circumstances have arisen whereby, in the public interest, the ships should be sold, the government will report the proposed transaction to parliament before it is carried out. It does not seem to me that is an unreasonable proposition to make. The inference was left with us that the resumption of this service was in the national interest. If the resumption of this service is in the national interest, surely parliament is entitled to know what the service is going to be, how many ships there are going to be. Is it in the national interest to have all these ships operate today? Is it going to be in the national interest to do something else in October when, presumably, parliament will not be sitting?

We are not suggesting, at least I am not suggesting that the government change the bill. I am quite willing to have the Minister of Labour, the Minister of Justice or the Prime Minister get up and say, we will not

allow the administrator to sell these ships while this bill is in force without coming to parliament. I would accept that at once, and sit down. However, I think we ought to be told.

Mr. Starr: May I answer in part what the hon. member for Bonavista-Twillingate said about this bill forcing men to go to work at a fixed rate. May I bring to his attention the provisions of the act of 1950 which compelled employees to go back and resume operations. Section 3 of that act reads:

> The terms of each collective agreement to which this act applies are provisionally amended forthwith by increasing by four cents per hour each rate of wages established by or pursuant to the agreement.

Nowhere in that act was there any guarantee that the railways would not be sold or the assets sold.

Mr. Pearson: What about answering the question?

Mr. Pickersgill: Surely, the fact that the minister produces the act of 1950 and says we asked men to go back to work at a fixed wage—I admit that right away; it was disagreeable then, and it is disagreeable now.

Mr. Fulton: You said this was the only time it was done.

Mr. Pickersgill: No, I said it was a most unusual thing that was being done in this bill. I think if the hon. gentleman will examine the record he will find I said it was the most objectionable form of compulsion in this bill. I still maintain it is, just as the similar act in 1950 contained this most objectionable part which none of us liked. I am not saying that doing it this time is any worse than it was in 1950. I am saying it is a very disagreeable thing to do at any time, and I do not think any of us are taking any satisfaction or any pleasure out of it.

I do say that when we resumed railway operations in 1950 we knew we were resuming the operations of all the railways in Canada. Here we are being asked to resume a service but the government will not tell us whether that service is going to be unchanged or whether some alteration is going to be made in it. It seems to me, if this is going to be a matter, as the government believes, of a few months they would save everyone's time if they would meet this request.

Mr. Fulton: I can say that while this bill is in force it is not our expectation that the ships will be sold, and they will not be sold without the governor in council knowing about it and having approved. As every member knows, this service is subject to seasonal variations, and in the wintertime some of the ships are laid up. It is, therefore, not possible to write into this statute all the details of the manner in which the service will be conducted. It may well be that the Canadian Pacific will find, and will be able to convince the government or would be able to convince any reasonable person, that they can carry on this service just as efficiently in the wintertime with one ship less. We do not know.

If they did this, then it seems to me, as I say, one would have to take account of all the circumstances existing. It is impractical and it would be, as I see it, reckless to say in advance or to tie the hands of the government and the administrator in advance as to what course will be followed because no one can know at this time with what circumstances the administrator may be confronted. It is for that reason, or that is one of the reasons, the government is given the power to regulate the conduct of the administrator in this business, not because the government intends to regulate the day-to-day operations of the business, but the governor in council does have a residual right to review, and refuse or confirm any radical or important departure from normal operations.

I know very well that if my hon. friend thinks the matter over for a moment he will realize he is trying to make a debating point; that it is not a point which any practical administration would see written into a bill or on which they would be prepared or able to give a hard and fast undertaking in advance.

Mr. Pickersgill: I am not going to pursue the matter further, but I want to make it quite clear that I am unconvinced.

Mr. Fulton: We are all devastated.

Mr. Starr: I know that what I am about to say will not convince the hon. gentleman, but I do want to bring to his attention that this is not a controversial rate that we have established, that is the eight per cent. Approximately 58 per cent of the present personnel engaged in this operation, represented by the brotherhood of railway and steamship clerks, have signed a collective agreement for an eight per cent increase. This was signed in the early part of June.

In drafting this bill we felt that we could not, in all fairness, ask the men represented by the other unions to return to work at anything less than the rate agreed to by the majority of the personnel engaged in this operation.

Clause agreed to.

On clause 4—*Administrator to resume business.*

Mr. Chevrier: May I ask a question with reference to the last part of clause 4. It has to do with the obligation of the men to return to work. Following the dispute of 1950 there was one question which was uppermost in the minds of hon. gentlemen on the other side, and I should like to ask it in this case. If the men do not return to work, what will happen to their pension rights? I ask this same question with reference to the latter part of this clause, what will happen to the pension rights of these employees if they should not return to work?

Mr. Starr: I am advised, Mr. Chairman, that we cannot make a provision for pensions in this case because they are subject to an agreement between the employer and the employee. If the employee chooses to leave the employment of a particular employer, then of course he forfeits his right of pension, if it is an agreed pension plan.

Mr. Chevrier: He loses his pension if he does not return to work?

Mr. Starr: No, it depends on the terms of the pension plan.

Mr. Howard: I have one question to ask with respect to paragraph 2 of clause 4. I am sure one could debate the principle enunciated by the minister in establishing the rate at eight per cent. He could equally well argue for the 17 per cent which was recommended.

Mr. Starr: No, one was contained in a collective agreement and the other was a recommendation of one party on the conciliation board.

Mr. Howard: One could argue that if the 17 per cent were not acceptable then the 12 per cent originally recommended with respect to the first year's operation might apply. However, I do not intend to get involved in that. I do not believe, in view of all the circumstances with which I am familiar with respect to the conduct of negotiations, that the eight per cent is fair or justifiable. But I would ask this question. As I read subsection 2 it states:

(2) The terms of each existing collective agreement are provisionally amended forthwith on the commencement of this act by increasing by eight per cent each rate of wages established by or pursuant to the agreement.

I am not sure what wage rate is in effect with respect to each one of these operations or with respect to each of the categories. But I know that it is a common practice in many operations to set out according to the terms of the collective agreement—as this one was—a certain figure or a certain rate of wages to apply for a certain job. For argument's sake, let us assume that the rate for the category of the job might be set out as being $2 an hour, and that because of the capabilities of the individual employee the company may determine that he should be paid more. In many instances it will happen that while the wage rate may be set at $2 an hour the company may pay him $2.25 or $2.50 an hour. They will pay him an extra amount over and above the wage set out in the collective agreement itself. I rather expect that if this situation exists in any one of the categories of wage rates applicable under any of these collective agreements or to any of the employees, then subsection (2) should be reworded so that the 8 per cent increase will apply not only on the rates set out in the collective agreement, if he is receiving that rate, but will apply to any additional wage rate that he is getting over and above the rate set out in the contract. Otherwise he will not be protected.

Mr. Starr: As far as we are concerned, the rates are set out in the collective agreement and those are the only rates applicable to the classifications to which we can apply this 8 per cent.

Mr. Howard: I submit that is not so. It is a common principle to follow in adjusting wages by wage increases to make those wage increases applicable on the wage rates being paid and not necessarily only on the wage rates set out in the agreement. Otherwise you could find—and this happens; attempts have been made along this line in some collective agreements—that an employer at one stage will determine that a certain employee, because of specific qualities that he may have and because of long-term service should be paid more and he may pay him 25 cents or 50 cents an hour more than the rate that is set out in the collective agreement. Unless the increase—in this case 8 per cent—is made applicable to that extra amount also, then the employee will not be getting a wage increase as are all other employees. Unless it is spelled out in there, it is going to mean that some people may get an 8 per cent wage increase and some may not.

Mr. Fulton: It is my understanding that the only thing we can look at and the only thing we can make this sort of legislation applicable to is the written collective agreement. Other matters are matters of negotiation outside the agreement. For legislation of this kind it would be improper to do anything more than

to cover the written agreement that governs the over-all relationship between employees and their employers.

Mr. Chevrier: May I ask this question?

Mr. Howard: On the same point, if I may, I should like to ask a question to clear this matter up.

Mr. Chevrier: Very well.

Mr. Howard: Is the minister familiar with any of the clauses of any of the three collective agreements that relates to wage increases as having applied in the past? He may find, in looking at them, that the clauses will show that the wages shall be increased by so much. In that case those wage increases applied.

Mr. Fulton: May I point out to the hon. member that the wording of the section is as follows:

(2) The terms of each existing collective agreement are provisionally amended forthwith on the commencement of this act by increasing by eight per cent each rate of wages established by or pursuant to the agreement.

If therefore there was any specific clause in the agreement that had resulted in an increase in wages those would be increases established pursuant to the agreement and they would be increased by 8 per cent. The point which I think the hon. member is trying to make is met by the wording of the section.

Mr. Howard: No.

Mr. Chevrier: Mr. Chairman, may I ask the Minister of Labour this question? Will the crews of the two ships that have been sold be compelled to go back to work under this section?

Mr. Starr: No, Mr. Chairman; they will not be.

Mr. Pearson: Mr. Chairman, I am rising to address an observation to the house leader. It is now one minute to ten o'clock. Obviously we are not going to be able to complete the clauses of this bill by ten o'clock. I think we must try to reconcile our responsibility at this stage to see that these clauses are given careful consideration with the desirability of getting this bill through as quickly as possible. I should like to make the suggestion to my hon. friend that perhaps we might sit after ten o'clock until this bill is completed.

Mr. Green: That course would be very satisfactory to the government, Mr. Chairman.

Mr. Crestohl: A few minutes ago I think the Minister of Labour said that as recently as June a collective labour agreement was signed in which an increase of 8 per cent was given and that that is the basis of the 8 per cent that is referred to here. If such an agreement was signed in June and an 8 per cent increase will be granted as of the day of the coming into force of this bill, you are exposed to giving another 8 per cent on the 8 per cent.

Mr. Starr: I wish to refer the hon. member to schedule A in the appendix to Bill C-42, in which the agreements are set out. He will find that the ones to whom I am referring who signed the agreement are not included and the bill will not apply to them.

Mr. Caron: I think I heard the minister say tonight that if they do not want to go back to work they will be prosecuted or if they refuse to go back to work they will be prosecuted. Is that not what the minister said? If anybody on strike at the present time refuses to go back, will he be prosecuted?

Mr. Fulton: Mr. Chairman, I did not say what the hon. gentleman suggested I said. What I said was that if a man is no longer in the employ of the company, although he may have been an employee at the time the strike began; if he has left his job; if he has gone away; if he is working for someone else; if he is no longer an employee of the C.P.R., then he will not be subject to any penalty or any action if he does not go back to work for the C.P.R. under this bill. And as I also explained, neither will this bill have the effect of preventing a man from leaving his employment; that is to say from resigning from his job. It is only designed to prevent any man or group of men who are now employees and are on strike from refusing to go back to work because they say, "We still want to strike against the C.P.R.". That is the object of the bill and the only effect of the section.

Mr. Caron: I want to have this matter clear. If a man is on strike and refuses to go back to work, will he be prosecuted?

Mr. Fulton: If the facts in any particular case—

Mr. Caron: The question is a simple one. I think I ought to be able to get a simple answer.

Some hon. Members: Oh, oh.

Mr. Fulton: Of course a simple question deserves a simple answer. I am trying to give a straight-forward answer and one that will not be misleading. If the facts of a particular case establish that a man refuses to go back to work in defiance of this statute, he will be prosecuted.

Mr. Caron: Then he would be prosecuted?

Mr. Fulton: Yes.

Mr. Caron: Suppose he chooses not to work any longer on a steamship but is on strike. He does not work anywhere else but he has decided that he does not want to work any more on the steamship. In that case will he be prosecuted?

Some hon. Members: Oh, oh.

Mr. Caron: Oh, you can laugh if you want to do so.

Mr. Grafftey: That question was answered hours ago.

Mr. Caron: Some hon. members laugh but they will not get very far. It is a clear question. If a man is still on strike but, of his own accord, as a result of deliberate action, chooses not to go back to work on the steamship, is he liable to prosecution?

Mr. Fulton: I tried to suggest previously that in those circumstances, as I say, he would not be liable to prosecution; that is, if he says. "I no longer regard myself as an employee of the C.P.R., I do not want to work for the C.P.R. any more; I want to go to work for someone else". In that case he would not be liable to prosecution under this act.

Mr. Caron: But what about the case of one who does not work anywhere else at the time but who says, "I do not feel like going back to work on the job" but who is still on strike? What about the man who simply says: I do not feel like going back to work on the ship? He is still on strike and he is a member of a union which is on strike.

Mr. Fulton: I think in the circumstances the man would, in effect, be saying "I quit", and I have never heard of a man being prosecuted because he says "I quit".

Mr. Caron: Well, it is not at all clear. Clause 2(c) says:

> "employee" means a person who is employed in the business of the company and is bound by an existing collective agreement.

The bill does not say what the minister has just told us.

Mr. Fulton: May I point out that a collective agreement does not prevent a man from resigning or leaving his employment.

Mr. Pickersgill: I think I can put the point which I apprehend the hon. member for Hull has in mind in slightly different language.

An hon. Member: Use nautical terms.

Mr. Pickersgill: The way I put it is this: is the minister quite satisfied that there is a definite status, a status of striker, that will enable those charged with the enforcement of this law to know against whom it is properly enforceable? That is what I believe the hon. member for Hull is trying to find out.

Mr. Fulton: Yes, I am quite satisfied about that. I am satisfied that the courts will have no difficulty in interpreting and applying the statute if the necessity arises. I want to say again that I am satisfied the necessity will not arise, but if it does, I am confident the courts will be able to apply this statute because, as hon. members are probably aware, it would be necessary to prove that the man intended to defy the terms of this statute and, as I apprehend it, a man who says: "I am not working for the C.P.R. any more", is not liable to prosecution under this statute.

Mr. Pearson: I understand that under this clause every employee of the company who went on strike in May and who now returns to work will be given a job. There will be an obligation to see that he gets a job, and that would include, presumably the employees of the two ships that have been sold during that period.

Mr. Fulton: I would assume that those men would by now have been laid off or absorbed in another part of the service.

Mr. Pearson: But if they have not?

Mr. Fulton: I assume they are not still employees of the company. The main obligation on the company by virtue of section 9 is not to refuse to permit an employee who has gone on strike— I am leaving out some of the words—to return to the performance of the duties of his employment. If the opportunity for his employment no longer exists, it would seem to me there is no violation of the statute, by saying to the man: your job no longer exists. It is only in cases where the job still exists that the company is prohibited from refusing employment to an employee who was on strike.

Mr. Martin (Essex East): Surely that interpretation, if correct, justifies the observation made by the hon. member for Bonavista-Twillingate. Here is an employee of the C.P.R. company who is out of work because the company has sold a ship on which he worked. The man still regards himself as an employee of the company although he is out of work and on strike. Now this act does impose great obligations upon the men as well as on management, and I am saying to the minister with great respect that if the interpretation that he has given is correct, then it is an unduly restrictive one so far as the men are concerned.

Mr. Fulton: I understand the situation would be the same as if a strike were not in progress and the C.P.R. had sold these ships. It would

then be a question whether the men could be absorbed in alternative employment. If the ships were sold, then presumably employment for some men would cease to exist. The prohibition against the company is against refusing employment, merely because they have been on strike, if employment still exists for them.

Mr. Pickersgill: There is one problem that may arise; I do not know whether it will or not, but the minister may know, and this is important. I am not sure whether these crews are really distinct or whether the men were employed sometimes on one ship and sometimes on another, and this would have a considerable bearing on the answer the minister has given us.

Mr. Fulton: I am afraid I am not in a position to give a detailed statement on that point. I understand that with regard to the deck and engineer officers there was a certain amount of rotation, although there was more permanent assignment than with regard to some of the other employees. But with regard to the seamen, particularly, there was a fairly large floating pool of employees and it would be difficult to say who was among the crew of a specific ship. I make that comment as a general observation setting out my understanding of the position.

Mr. Starr: The deck officers numbered approximately 170 and they were employed practically the year around. The S.I.U. members had a turnover of about 300 seamen but in practice there was a hard core of some 68 in the operation of the ships.

Clause agreed to.

Clauses 5 and 6 agreed to.

On clause 7—*Regulations.*

Mr. Starr: Mr. Chairman, I will ask my colleague the Minister of Justice to move an amendment to this clause as follows:

That paragraph (d) of clause 7 be amended as follows:

1. By deleting the words "an arbitrator" where they appear in line 5 on page 3 and substituting therefor the words "a board of three arbitrators";
2. By deleting the words "the arbitrator" in line 13 on page 3 and substituting therefor the words "the board of arbitrators".

We hope the necessity of appointing arbitrators will not arise and, as I have said before, that this matter can be settled by collective bargaining between the parties concerned. However, because of the fact that if an appointment became necessary it would result in one person being vested with a great deal of power therefore we feel that in order to distribute the authority we should appoint three people and have a diversified view on this issue.

Amendment agreed to.

Mr. Martin (Essex East): Mr. Chairman, the heart of this bill is to be found in clause 7 and in the regulations to be made thereunder. While we have been discussing the implications of the various clauses, not confronted with the actual regulations we might find we have been dealing with something that is secondary in importance. I am sure the regulations have not yet been drawn up but I should like to ask what procedure the government proposes to follow so that the regulations will be made available to the house. I presume they would automatically appear in the *Canada Gazette* but there is no requirement in the statute to that effect. If there is a requirement that they should automatically appear in the *Canada Gazette* a provision should be placed in the act so that they would be tabled in this house within a certain number of days from the date of formulation. I think the usual practice in respect of most bills is ten days or something of that sort.

Mr. Fulton: I would have to check it to make certain but I believe my hon. friend will find it is all covered by the Regulations Act which provides that the regulations must be tabled in parliament within two weeks or 15 days of their passage if parliament be sitting and within a similar period after parliament next begins to sit if parliament be not then sitting.

Mr. Martin (Essex East): Could my hon. friend advise us at the moment if that is the case?

Mr. Fulton: I am assured by the officials in front of me that it is but we are not certain of the number of days without checking.

Mr. Martin (Essex East): Within 10 or 15 days of the passage of this act we will have the regulations tabled in this house?

Mr. Fulton: Within two weeks or 15 days —whatever the period may be that is stipulated in the Regulations Act—of the making of the regulations they will be tabled in the house. I can assure the hon. gentleman that we will not violate the provisions of that statute.

Mr. Pickersgill: You hope.

Mr. Martin (Essex East): Remember what happened to a previous minister of justice?

Mr. Fulton: Yes. We shall not do that.

Mr. Howard: Mr. Chairman, I have some comments to make about clause 7 (d). While the amendment proposed and adopted by the committee with respect to a board of three arbitrators was acceptable in terms of the numerical structure of the board of arbitrators nevertheless as far as we in this group are concerned one of the general provisions in clause 7 (d) is certainly not acceptable. I refer to the provision that empowers the governor in council to impose compulsory arbitration on the parties to the dispute when he may deem it expedient. There has been ample discussion about it and I do not think it necessary to repeat what has been said or to refer to attitudes that hon. gentlemen opposite had in years past which are not compatible with the attitudes they have at this particular moment.

I have an amendment to propose with respect to clause 7 (d) which I should perhaps explain first. The amendment provides for an arbitration board to consist of three as is the case with the present provision but it would also provide that the establishment of the board of arbitration would be done in the same manner as is the establishment of a board of conciliation under the Industrial Relations and Disputes Investigation Act. That is to say, each party to the dispute would select a member of the arbitration board. There would be a certain time limit—I believe of five days—during which these two appointees, one representing the union and one the company, would be able to decide whether they could mutually agree on the selection of a chairman of the board and if these two members could not so agree the Minister of Labour would appoint a chairman as is done in the case of a conciliation board at the present time.

The amendment would also provide that the arbitration board would have all the powers, functions and obligations of a conciliation board as stated in the Industrial Relations and Disputes Investigation Act. It has been the experience of those engaged in labour disputes that where agreement can be reached between the two disputants in the selection of a chairman of a board of conciliation there is less disagreement following the award of the board than is the case where the chairman of the board has been appointed by an outside party. It must be kept in mind, of course, that the decision of this board is an arbitrary one but nonetheless disagreements do arise over the awards of boards. The chairman is the key person and where agreement exists as to his selection there is less likelihood of difficulties arising following the award of the board of arbitration.

The provisions of the amendment would also provide that the arbitration board be established only at the mutual request of the parties and that it not be imposed on them by the governor in council. Accordingly, I move:

That clause (d) be deleted and the following substituted therefore:

For referring to a board of arbitration of three members to be constituted and appointed in the same manner as is a board of conciliation and investigation under the provisions of the Industrial Relations and Disputes Investigation Act and to have all the powers, functions and obligations of a board so constituted and appointed such matters relating to the revision or amendment of an existing collective agreement as the parties thereto may request, including the fixing of the term during which the new collective agreement shall operate and the day to which the agreement or any provision thereof may be retroactive, and for giving effect to any decision by the board of arbitration upon such a reference for the purpose of this act and the Industrial Relations and Disputes Investigation Act, but no regulation made under this paragraph shall be deemed to limit or restrict the rights of parties to an existing collective agreement to agree to vary or amend any of the terms thereof and to give effect thereto.

Mr. Starr: Mr. Chairman, before you put the question I wish to say this. We did give the composition of this arbitration board a great deal of thought. The suggestion of the hon. member for Skeena that we appoint an arbitration board on the same basis as a conciliation board most certainly is not applicable when you are dealing with a dispute in the arbitration stage. I say again that we have given thought to this matter and to proceed properly with this arbitration, if and when it reaches that stage, the only way we can do it is by the appointment of the three members who will compose the board. Because of that, Mr. Chairman, we must reject the amendment.

Mr. Martin (Essex East): Before this matter proceeds, we on this side in this group believe that this amendment should receive our support. As I indicated and as the Leader of the Opposition indicated the character of the bill is such as to impose an indefinite period of forced relationship during the period of work on both parties to the dispute. We are ordering the men back to work; we are telling the company to begin operations through the agency of the administrator. Those are unusual steps, and in view of those unusual steps which we have taken to get the ships back into operation we feel that the general circumstances of this particular situation are such as to warrant our accepting an amendment which I think will meet the situation as it will develop in the light of the indefinite period of negotiation that is enforced by section 6 on both parties to the agreement. For these reasons we shall support the amendment.

The Chairman: Is the committee ready for the question?

Some hon. Members: Question.

Amendment negatived: Yeas, 20; nays, 120.

The Chairman: I declare the amendment lost. Shall the clause as amended carry?

Mr. Howard: I have one other question to raise which was dealt with on second reading but I am not sure that there was an answer to it. Apparently provision was made in the act respecting the operation of the railways in 1950 to ensure that the arbitration board could not reduce the wages of the men or apply any conditions which were less favourable to the employees than those existing at the time they went back to work. I should like to know whether provision will be made to ensure that the arbitration board cannot reduce the wages of the men or apply any conditions which are less favourable to the employees than those existing under the collective agreement plus the eight per cent. Has any consideration been given to that or will consideration be given to it?

Mr. Starr: Mr. Chairman, the answer to the hon. member's question is that only one union has agreed and has signed an agreement; the other three have not signed an agreement with the company; therefore it is only a provisional amendment.

Mr. Howard: I did not get clearly what the minister said. Did he say that only one union has a collective agreement and the other three have not?

Mr. Starr: That is right; only one union has signed an agreement with the company for eight per cent.

Mr. Howard: Yes, but there are three, and they are named in the bill, which have no collective agreement but upon the passage of this bill they will have, they will be working under the terms of a collective agreement, the provisions of which have been extended.

Mr. Fulton: No, provisionally amended.

Mr. Howard: By an increase of eight per cent.

Mr. Fulton: But only provisionally.

Mr. Howard: Yes, only provisionally; but it appears to me that there should be some guarantee given so that the board of arbitration in dealing with this, if it gets to that stage—incidentally, this does not apply if the board of arbitration is established by mutual consent, but it would apply if the governor in council set up the board of arbitration and in effect instituted compulsory arbitration. It does apply then and some guarantee should be given that the board of arbitration cannot reduce the wages for which the employees are working at the time nor establish conditions less favourable than the ones under which they are working plus the eight per cent. There should be some guarantee that the board of arbitration has no authority to impose less favourable conditions upon the employees than they are enjoying at the moment of arbitration.

Mr. Pickersgill: What the hon. member is asking for is something similar to section 5, subsection 3, of the act of 1950.

Mr. Fulton: Mr. Chairman, I think the position is that a union has signed a collective agreement with the company for an increase of eight per cent and that union is not coming under the terms of this statute. Therefore, their agreement is not subject to variation or subject to the statute in any way. However, the other three unions or organizations have no agreement with the company. We felt that it would not be proper to contemplate sending men back to work at different wage rates. If we put nothing in here, then the stewards' union would go back with an eight per cent increase and all the others would go back with no increase, so we felt that for the duration of the period while the statute is in operation and while they are back to work under the statute they should all be back with the eight per cent increase.

Therefore the three unions which have not signed new collective agreements go back under their old collective agreements which are provisionally amended by an increase of eight per cent. If, however, they and the management are not able to agree on an increase then it seems that the thing should go back to the status quo, namely, where it is now. If there is no agreement as to what should be the increase in wages and negotiations proceed on that basis under the statute and if negotiation fails and arbitration becomes necessary, arbitration proceeds on that basis. It did not seem proper to us to ask parliament here and now to legislate as to what should be the terms of agreement between the parties so that when negotiation commences and if arbitration should commence the thing will be free and open to arbitration and negotiation.

Mr. Howard: I object most strenuously to that sort of reasoning. It is quite true that this legislation will have no effect upon the employees covered by the brotherhood of railway and steamship clerks. They have already signed an agreement with certain provisions in it. But if the government is of the opinion, as it apparently is that when these employees go back to work they will

be covered by the provisions of the agreement that applied last year plus an eight per cent increase based on the fact that another union has already signed an agreement for an eight per cent wage increase, then the government has absolutely no right in my opinion to allow an arbitration board to undercut that eight per cent. If you think that is the floor that should be established—

Mr. Fulton: No, no.

Mr. Howard: —you are attempting to impose upon these employees something that is most unjust.

Mr. Fulton: I think the hon. gentleman must have misunderstood me. I did not say that we had established a floor. I said that we felt that it was inequitable to have one group of men going back to work with an eight per cent increase because they had signed an agreement and another group of men in effect going back to work under a statute without any increase at all. We felt that when they went back to work under the terms of this statute all the men who went back to work should go back to work at the same wage rates. We are not writing a floor under arbitration or negotiation. Negotiation will proceed on a free and open basis and if arbitration becomes necessary it will proceed on the same basis.

Mr. Howard: Maybe mine is just the normal difficulty of the layman trying to understand the legal mind. It was not equitable for the employees to go back to work under wages and conditions that differed from those of other employees. They are all involved in the same dispute so we establish by legislation now a wage rate of what they were working for plus eight per cent. We have established that and decided that under the present circumstances that is an equitable wage rate for these employees at the moment.

Mr. Fulton: It could be much higher. We do not know. Would you want us to establish a ceiling? We are establishing neither a floor nor a ceiling.

Mr. Howard: Just a minute. We have already passed clause 4 but I should like to go back to it. It provides that the terms of each existing collective agreement are provisionally amended by increasing by eight per cent—

Mr. Fulton: Provisionally amended.

Mr. Howard: All right, but they are amended. The employees are going back to work at a wage rate of what they were getting before plus eight per cent.

[Mr. Howard.]

Mr. Fulton: But that is not a firm term of agreement. It is a provisional term of agreement as long as the statute continues in effect.

Mr. Howard: I appreciate that it is a provisional term. Maybe I am putting my thoughts in words—

Mr. Fulton: How can a provisional term be either a floor or a ceiling? If it could be a floor it could just as well be a ceiling and I am sure my hon. friend would not accept that. It is a provisional term and nothing more nor less.

Mr. Howard: All right. You are also saying, and this is acceptable, that if as a result of direct negotiations without any interference by the governor in council the unions and the company mutually agree to establish any wage rate they want that is perfectly all right, whether it is above eight per cent, below eight per cent or is eight per cent. That is entirely up to them as a result of negotiations and has nothing to do with the argument. But if the governor in council is going to step in and impose compulsory arbitration, then to be equitable I think the government should guarantee that if a board of arbitration is imposed by the government the board cannot undercut the wages established provisionally by this legislation. The government should establish the basic floor of the old wage rate plus eight per cent below which a board of arbitration cannot go.

The government has no right to establish a board of arbitration which could grant by way of an award wage rates less favourable than their brother workers are getting under a collective agreement signed by their union of its own free will. All I am asking is that if a board of arbitration is imposed by the government that board should not be allowed to arbitrate below the present provisional rate. Whether such a board will or will not is another question as is whether or not the matter will ever get to that stage, but I submit that that protection should be given if parliament is to be asked to order people back to work, restore this service, appoint an administrator and particularly to give authority to the government to impose compulsory arbitration. Surely we have a right to ask for that little modicum of protection of the wage rates of the employees of the unions affected so that they will not go below the wage rates established by collective bargaining through another union.

Mr. Pickersgill: Mr. Chairman, I quite agree with the hon. member for Skeena. This is what was done, of course, in 1950, and if the minister will look at the statute of 1950

he will see that section 5, subsection 3, provides "the arbitrator by his decision shall not provide for a reduction in a rate of wages established pursuant to section 3". In other words, parliament did legislate at that time—I was not here—a provisional increase in wages and said that the arbitrator could not go below that. That was written into the statute.

Mr. Fulton: My hon. friend forgets that at that time the company and the union had agreed on a basic four cents an hour increase. There was no area of disagreement on that point whereas here only the company and one union have agreed on the terms of the wage increase. We feel that we should write neither a floor nor a ceiling into this statute, that if it is not fair that we should write a ceiling it is not fair that we should write a floor. That is the great difference between this situation and the one to which the hon. gentleman refers.

Mr. Pickersgill: I must say that I cannot agree with the minister on that point and for these reasons. The company has evidently been quite willing to agree to an eight per cent increase—

Mr. Fulton: And they got an agreement as a result.

Mr. Pickersgill: Perhaps the hon. gentleman might allow me to finish my sentence. The company signed an agreement and was therefore agreeable to an eight per cent increase in the case of one union.

Mr. Fulton: There was a settlement.

Mr. Pickersgill: It would not appear to me, therefore, that there was the slightest injustice to the company in providing this floor across the board. That is what we are doing and the government must think there is no injustice to the company or they would not be asking parliament to do it until such time as a collective agreement is reached. Therefore it seems to me that what the hon. member for Skeena has asked is perfectly reasonable. We are asking that these men, after we compel them to go back to work, should not be compelled by an arbitrator or a board of arbitration appointed by the governor in council to take a wage lower than the wage set by parliament, and that could happen under the bill as it now stands. All that the hon. member for Skeena is asking is that we should do what was done in 1950, write that in as a floor and say that the arbitrator cannot go below it. It seems to me that that is an eminently reasonable request.

Mr. Caron: Did the company not offer an increase of twelve per cent to one union?

Mr. Starr: Mr. Chairman, after signing an agreement with one union, the brotherhood of railway and steamship clerks, providing for an increase of eight per cent they offered the same increase to the other three unions but it was rejected by all of them.

Clause 7 as amended agreed to.

Clauses 8 and 9 inclusive agreed to.

On clause 10—*withdrawal of strike notice*

Mr. Pearson: You are now on the last clause, clause 10, Mr. Chairman. The minister will recall that at the beginning of our discussion I suggested that there should be an additional clause to deal with the question which has been brought up by so many members on this side who feel that legislation of this kind should not be unlimited as to time. Our feeling on that matter is stronger because no change has been made by the committee to clause 7 (d), and the amendment which was proposed to that clause has been voted down. I did suggest to the minister, and perhaps he will tell me now his reaction to the suggestion, that there should be a new clause to the effect that this act shall expire no later than the fifteenth sitting day of the next session of parliament.

Mr. Starr: I think the amendment would be acceptable if the hon. member would make it thirty days.

Mr. Pearson: I think that is all right; that is an additional fifteen days. I believe the fifteenth sitting day is customary in amendments of this kind. It seems to me that another fifteen days is not a very high price to pay for what I think would be a very useful amendment, and which would meet our point that we are not legislating in this unusual way for an unlimited period of time.

Therefore, Mr. Chairman, I would move:

That the following be added as a new clause:

11. This act shall expire no later than the thirtieth sitting day of the next session of parliament.

The Chairman: Shall the amendment carry?

Amendment agreed to.

Clause 10 agreed to.

Schedule A agreed to.

Schedule B agreed to.

Title agreed to.

Bill reported.

Mr. Speaker: When shall this bill be read a third time? Now, by unanimous consent?

Some hon. Members: Agreed.

Mr. Starr moved the third reading of the bill.

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

BUSINESS OF THE HOUSE

Mr. Pickersgill: I wonder if the leader could tell us what is proposed for the rest of the week?

Mr. Green: Tomorrow we shall take the debate on external affairs, which is a one-day debate by agreement. On Saturday, we shall take estimates, commencing with the Post Office Department, then take veterans affairs and if they go through we shall take the Department of Justice.

Mr. Pickersgill: Is it intended that Monday should be private members' day?

Mr. Green: Yes.

Mr. Speaker: I understand that the house is prepared to give unanimous consent that a vote be taken tomorrow at ten o'clock. Is that so ordered?

Some hon. Members: Agreed.

It being 10.48 p.m. the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Friday, July 25, 1958

The house met at eleven o'clock.

COMMITTEES OF THE HOUSE

Fifth report of standing committee on miscellaneous private bills.—Mr. McCleave.

Fourth report of standing committee on veterans affairs.—Mr. Dinsdale.

DOMINION-PROVINCIAL RELATIONS

NEWFOUNDLAND—TABLING OF REPORT OF ROYAL COMMISSION ON REVISION OF TERMS OF UNION

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I wish to table, in English and in French, the report of the royal commission on Newfoundland finances. I wish to say that in the union of two states there are always many factors that require settlement and many divergent views have to be reconciled. Members of this house will recall the prolonged negotiations leading up to Newfoundland becoming a province of Canada on March 31, 1949.

It is not surprising that agreement was not readily reached. Although every effort was made to provide definitive terms for the entry of Newfoundland into the federation of Canada, it was found necessary to introduce a saving clause among the financial conditions. It was with respect to this reserve or saving clause, paragraph 29 of the terms of union, that the royal commission was concerned. The requirement that the financial results of union be examined within eight years by a federal royal commission was unique in the constitutional history of Canada. It is true that extensive studies have been conducted from time to time and adjustments made, in some cases, but in no other instance has there been a mandatory clause. The mandatory clause read as follows: The commission required to be appointed was—

—to review the financial position of the province of Newfoundland and to recommend the form and scale of additional financial assistance, if any, that may be required by the province of Newfoundland to enable it to continue public services at the levels and standards reached subsequent to the date of union, without resorting to taxation more burdensome, having regard to capacity to pay, than that obtaining generally in the region comprising the maritime provinces of Nova Scotia, New Brunswick, and Prince Edward Island.

After full consideration of the terms of reference, the commissioners have concluded that the burden of taxation in the province of Newfoundland does not differ materially from that in the maritime provinces. It is their opinion, after studying the course of provincial finances since union, that additional financial assistance is necessary if the province is to maintain the levels and standards of public services reached.

Accordingly, basing their recommendations on the anticipated results of the fiscal year 1957-58, they have recommended that an annual payment be made to the province of $8 million a year, commencing on April 1, 1957, this amount to be reduced by the amount of any transitional grant that may still be payable.

The government will study the report and its recommendations and will decide upon the appropriate course of action. The decision will thus bring finality to the terms of union of Newfoundland and Canada.

The government is most grateful to the commissioners for their efforts in meeting the obligation in the terms of union.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, we on this side have listened to the Prime Minister's statement with much interest. We will study the report with care, as I know they will in Newfoundland. I would merely say now it is our understanding and our assumption that this report will be implemented with the least possible delay.

IRRIGATION

SOUTH SASKATCHEWAN RIVER—ANNOUNCEMENT OF AGREEMENT COVERING CONSTRUCTION OF DAM

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I should like now to make an announcement in regard to the South Saskatchewan river dam project agreement. The agreement was signed this morning by the Minister of Agriculture, having previously been signed by Premier Douglas on behalf of the province of Saskatchewan.

The signing of this agreement with the province of Saskatchewan represents an important step forward in the development of Canada's resources. Its main objective is, through its large-scale water conservation

and irrigation potentialities, to provide stability for agriculture in central Saskatchewan, where droughts, sometimes prolonged, have in the past created serious problems for more than 50,000 farmers, a truth that is driven home by conditions this season.

While many think of irrigation as associated particularly with the production of specialty crops, it may be that the production under irrigation of alfalfa and other fodder crops in the centre of Saskatchewan's most populous farming area and in quantities sufficient to remove the fear of having to sacrifice livestock because of feed shortages in drought years or having to bring in fodder from other areas at great expense will prove to be the greatest benefit in the long run.

I say the greatest benefit. But irrigation possibilities represent by no means the only good to flow from the project that the signing of this agreement will inaugurate. The construction of the earth dam now agreed upon will make possible the production of hydroelectric power on a scale that will mean much to the industrial development of the province, while the assurance of adequate water supplies for such cities as Regina and Moose Jaw and the control of flooding are benefits that in the minds of many would of themselves justify much of the outlay that will be called for in carrying out this vast project.

It has been under discussion for many years. The need has been there, and it has been very obvious. I look back a matter of 25 years to the time when the question was first given consideration and discussion. Again after 1940 when I represented Lake Centre constituency, as it then was, within which a portion of the dam will be located, discussions continued. Fifteen years ago investigations were begun by P.F.R.A. officials, and during the past decade these investigations have been continued to determine the feasibility and economic importance of the project. Naturally I am happy that the project is now inaugurated, and I am sure the country as a whole will share my satisfaction.

I have stressed the irrigation possibilities, possibilities that may one day see water brought to 500,000 acres of Saskatchewan's good lands, the immense power development potentialities and the assurance of water supplies. There are many other benefits that will accrue as a result of the building of the dam. The control of water levels in the Qu'Appelle valley and its lakes, as well as the formation of a completely new great lake of the South Saskatchewan river system upstream from the dam, will provide recreational facilities and wildlife possibilities that will doubtless be appreciated by generations to come, and may well become one of the major tourist attractions in the western provinces.

I am very happy that this project is now in a position where construction can proceed, and I am sure members in all parts of the house will hope that out of the completion of this project will come for agriculture within that area of Saskatchewan and for Saskatchewan and the western provinces generally the dawning of a new day.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, the Prime Minister, in swinging from Newfoundland to Saskatchewan, makes us once again conscious of the extent and the development of our country. We on this side of the house have heard with satisfaction the announcement the Prime Minister has made, a satisfaction which I am sure will be shared by the people of Canada, especially those in Saskatchewan and the western provinces and by none more than my former colleague the former minister of agriculture, Right Hon. James Gardiner. We on this side hope, indeed we are confident, that this project will be of value not only to Saskatchewan but to all the prairie provinces, and as such will make its contribution to national development.

Mr. Harold E. Winch (Vancouver East): We in the C.C.F. group, Mr. Speaker—

Some hon. Members: I.

An hon. Member: Where's the group?

Mr. Winch: We in the C.C.F. group want to join in the satisfaction which the Prime Minister and the Leader of the Opposition have just expressed that at long last agreement has been reached and a contract signed for the construction of this most important work in Saskatchewan. I have been asked to convey the regret of our house leader, the hon. member for Assiniboia, that he could not be here on this occasion because of what Liberals and Conservatives know as the exigencies of conventions. The fact that at this moment I stand alone means nothing, because we represent a principle. I express, on behalf not only of our group in this House of Commons but our membership throughout all of Canada, our pleasure in the advance that has been made with the signing of the agreement at 10.15 this morning, when I took pride in the fact that I represented the C.C.F. of Saskatchewan.

It is a wonderful thing, sir, that this agreement has been finally reached. We all know that this will add particularly to the well-being of the province concerned, and will contribute to the well-being of all of Canada. We wish all success to this endeavour, recognizing that it is a gain to the economy of the prairies.

May I be permitted, sir, to make this comment. Since June of last year we have noted the signing of agreements, starting in the east and moving to the west with the signing of this new agreement today. I hope that westward movement will continue and that in the not too distant future we will have something on the Columbia river in British Columbia.

CRIMINAL CODE

AMENDMENTS ADAPTING SUMMARY CONVICTION APPEALS TO SASKATCHEWAN SYSTEM

Hon. E. D. Fulton (Minister of Justice) moved the first reading of Bill No. S-9 (from the Senate), to amend the Criminal Code.

Motion agreed to and bill read the first time.

LOAN COMPANIES ACT

AMENDMENTS RESPECTING INCORPORATION, ANNUAL STATEMENT, ETC.

Hon. Donald M. Fleming (Minister of Finance) moved the first reading of Bill No. S-10 (from the Senate), to amend the Loan Companies Act.

Motion agreed to and bill read the first time.

TRUST COMPANIES ACT

AMENDMENTS RESPECTING INCORPORATION, ANNUAL STATEMENT, ETC.

Hon. Donald M. Fleming (Minister of Finance) moved the first reading of Bill No. S-11 (from the Senate), to amend the Trust Companies Act.

Motion agreed to and bill read the first time.

EXTERNAL AFFAIRS

REFERENCE OF ESTIMATES OF DEPARTMENT TO STANDING COMMITTEE

On the order: Government notices of motions:

The Secretary of State for External Affairs—The following proposed motion:—

That items numbered 85 to 111, inclusive, item numbered 502, items numbered 542 to 549, inclusive, and item numbered 655, as listed in the main and supplementary estimates 1958-59, relating to the Department of External Affairs be withdrawn from the committee of supply and referred to the standing committee on external affairs, saving always the powers of the committee of supply in relation to the voting of public moneys.

Mr. Speaker: By order of the house this motion will be referred to government orders and will be called later this day and will be debatable.

Inquiries of the Ministry

PUBLIC SERVICE

PREVAILING RATE EMPLOYEES—STATEMENT ON EARLY CLOSING DUE TO HEAT

On the orders of the day:

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, yesterday the hon. member for Skeena asked a question as to whether the prevailing rate employees were given the same privileges as classified civil servants in respect of early closing in times of excessive heat and, if not, why not.

There is no uniform practice that is followed in relation to the prevailing rate employees under conditions of excessive heat. The rule that is followed is that the practice of other similar employers in the particular area concerned and under similar conditions should be followed. Even in Ottawa there is no fixed or general rule. It depends upon the conditions both as to heat and humidity in the different buildings.

HOUSING

N.H.A.—MORTGAGE FINANCING OF STUDENTS' RESIDENCES AT UNIVERSITIES

On the orders of the day:

Mr. J. R. Garland (Nipissing): I wish to direct a question to the Minister of Public Works. Has the minister received representations requesting mortgage financing for students' residences at colleges and universities under section 16 of the National Housing Act? If so, has the government taken any steps to provide this type of financing to colleges and universities?

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, no representations have been received on this subject recently, but some months ago there were some. This is one of the questions that are under active consideration by the government. If and when any decision is made that policy will be duly announced.

HEALTH AND WELFARE

REQUEST FOR PAYMENT OF STUDENT NURSES

On the orders of the day:

Mr. F. J. Bigg (Athabasca): I wish to direct a question to the Minister of National Health and Welfare. In view of the continuing shortage of nurses in Canada, has consideration been given to paying student nurses a nominal amount of, say, $1 a day, in order to encourage student nurses to complete their training without financial distress to themselves or their families?

Inquiries of the Ministry

Hon. J. W. Monteith (Minister of National Health and Welfare): I should like to thank the hon. member for having given me notice of his intention to ask this question. I feel that the point he has raised is well taken, though I am not sure that the specific method he has suggested would be the most effective way of assisting student nurses. In any case, I shall have the matter studied by officials of my department and possibly brought before the fall meeting of the dominion council of health. I shall be happy to inform the hon. member of the outcome of these deliberations.

Hon. Paul Martin (Essex East): If this is done may I ask the Minister of National Health and Welfare whether it will be done under the national health program?

Mr. Monteith (Perth): Mr. Speaker, in my reply to the previous question I simply mentioned that we would consider this question.

Mr. Martin (Essex East): It would be done under that program, I assume.

PRIVILEGE

MR. DIEFENBAKER—REFERENCE TO REMARKS IN DEBATE ON JULY 24

On the orders of the day:

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I very seldom rise on a question of privilege, but on this occasion I feel that I must do so in view of an interjection made by the hon. member for Bonavista-Twillingate, who is usually very fair in debate. I know that on this occasion it was made in the heat of the moment. As reported at page 2636 of *Hansard* he said, "Incidentally, why is he not here?" He was referring to me.

May I say, Mr. Speaker, that I was in the house throughout the day with the exception of the period after eight o'clock last evening when I had responsibilities which, as he knows, sometimes take one out of the house. The bill was carried through the house by the Minister of Labour and the Minister of Justice. I also find there is an omission at page 2651 of *Hansard* when you, Mr. Speaker, said "When shall this bill be read a third time?" At that time I rose and asked whether there would be consent to third reading last evening, and that remark was also intended for *Hansard*. I thought I ought to clarify that.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I of course accept the Prime Minister's statement without any question, and if I said anything that is in any way offensive I at once withdraw it.

[Mr. Bigg.]

EXTERNAL AFFAIRS

REFERENCE OF ESTIMATES OF DEPARTMENT TO STANDING COMMITTEE

Hon. Sidney E. Smith (Secretary of State for External Affairs) moved:

That items numbered 85 to 111, inclusive, item numbered 502, items numbered 542 to 549, inclusive, and item numbered 655, as listed in the main and supplementary estimates 1958-59, relating to the Department of External Affairs be withdrawn from the committee of supply and referred to the standing committee on external affairs, saving always the powers of the committee of supply in relation to the voting of public moneys.

He said: Mr. Speaker, in speaking to this motion I must confess that I have at the present time a feeling of anxiety with respect to international affairs, yet I hasten to add that that anxiety is brightened by a sense of hope, hope which is not founded on wishful thinking.

I am sure members will be happy to hear that I do not intend this morning to give the house a global survey of the international situation as it affects Canada, either directly or indirectly. Rather, I propose to deal with certain factors which very closely concern us at this time.

The first item, of course, with which the house will expect me to deal is the grave and vital situation in the Middle East. I am sure there is no need for me to rehearse in detail the developments in that area during the past two weeks, because members are no doubt familiar with those developments; but with respect to Canada, and indeed the whole world, our attention is directed to New York, and I propose at the beginning of my remarks to give to the house a full account of the latest happenings there.

Before doing so, however, I should make reference to the developments in Lebanon leading up to this particular crisis, and give to the house some information with respect to the evolution of that crisis. Members will recall that on May 27, 1958, Lebanon presented charges to the security council of the United Nations simultaneously with those to the Arab league. The charge of Lebanon was that the United Arab Republic had intervened in its internal affairs. The Arab league had nothing to offer in the way of a solution of the issues involved in this charge and subsequently the security council, after discussion of the charges, decided to act in this particular regard.

May I remind the house, however, that there had never been any overt aggression from Syria into Lebanon. It had to do with indirect aggression. This was a new type of aggression with which the security council had to deal. It is difficult to define what

is indirect aggression, yet the security council addressed itself to this question.

I may interpolate here that for some time the United Nations has been endeavouring without success to define indirect aggression, and certainly it was understood and recognized that the security council had power to investigate charges with respect to that type of intervention, indirect though it be, in the affairs of another country. And so on June 11 the security council set up an observation group, and I read part of the text of the resolution:

—to ensure that there is no illegal infiltration of personnel or supply of arms or other materiel across the Lebanese borders.

The government of Canada considered that the situation which was unfolding in Lebanon merited prompt action. From the beginning in the discussions in the security council we gave our firm support to this resolution, a resolution that provided machinery under the auspices of the United Nations. We welcomed the resolution, Mr. Speaker, by reason of the fact that it afforded to the secretary general an opportunity to contribute to the stabilization of the situation in Lebanon. We also welcomed the ambit of the resolution that gave certain flexibility to the secretary general in carrying out or implementing the resolution's objectives.

That resolution was adopted on June 11. There was no veto and no dissenting vote. On that particular occasion, and it was very encouraging, the U.S.S.R. abstained from voting on the resolution. The secretary general then moved very quickly, and within a few days he had officers of his observation corps present in Lebanon. Hon. members will recall that Canada immediately responded to the appeal from the secretary general and sent ten officers to join the observation group. Indeed, Canada at the moment has 11 officers there. A Canadian officer who was attached to the United Nations truce supervision organization was seconded to the observation group in Lebanon.

This group, the United Nations observation group in Lebanon, has become known as UNOGIL, and that is the designation I shall use. It encountered at the outset many difficulties in carrying out its task. Initially the group had access to only 18 kilometers out of the 324 kilometers of Lebanon's frontier with Syria. Other difficulties were encountered by reason of the rugged nature of the terrain, the location of the border populations, and also by reason of the traditional freedom of people to move across the border from Syria to Lebanon, a freedom they have had for many years. Here was a fairly recent boundary line between Syria and Lebanon. Many of these initial difficulties, however, were overcome by the middle of July and the observer group, UNOGIL, had access to all the frontier areas between Lebanon and Syria. They had been increased in numbers and personnel and were also getting aircraft for the purpose of carrying out their directives from the secretary general.

During recent weeks there has been one frontier of Lebanon that has been quiet. That is the frontier with Israel. Indeed, I would point out that during this difficult period all of Israel's frontiers have been quiet. That is a tribute to Israel, to the United Arab Republic and to other countries, and it is also a tribute to the effectiveness of two other United Nations organizations, the United Nations emergency force along the Egyptian-Israeli armistice line and the United Nations truce supervision organization on Israel's other frontier.

Now to return to the narrative of events that I anticipated a few moments ago I would give. On July 14 there occurred the sudden, swift and violent revolution in Iraq which transformed the situation in the Middle East overnight. Within Lebanon it appeared still further to exacerbate internal dissensions and—of this I am convinced—the happenings in Iraq rendered UNOGIL incapable, at least temporarily, of meeting its responsibilities, in the dangerous situation thus created. And so it was in this situation that President Eisenhower responded promptly and affirmatively to a request from President Chamoun of Lebanon. As President Eisenhower stated at the time of the landing of United States troops in Lebanon, the force was not there to engage in hostilities but to help Lebanon in its own efforts to stabilize the situation until—and I emphasize that word "until"—the United Nations could take the steps necessary to protect Lebanon's independence and integrity.

Two days later, as we recall, the United Kingdom found it necessary to take similar emergency action in response to an appeal from King Hussein of Jordan for military assistance in the face of a plot instigated from outside Jordan to overthrow the regime. I have been informed reliably, and I know, that there was not only a plot to overthrow the government in Jordan but also that the plot extended to other countries in the Middle East to overthrow their governments.

As the Prime Minister informed the house on July 17, the Canadian government appreciated that the United States and the United Kingdom had no alternative but to take these interim measures. We knew then that both governments had stated specifically that the

landing of troops and the keeping of troops there would be terminated as soon as the United Nations could take effective action. We understood the difficulty of the decision that the two countries, the United Kingdom and the United States, had been forced to take.

To return to the point I attempted to make a moment ago, we recognized clearly that the United Kingdom and the United States appreciated the ultimate authority and responsibility of the United Nations.

Since that time we in Canada have made every effort at the United Nations and in some of the capitals of the world to bring about as swiftly as possible those United Nations actions which would provide some instrumentality of the United Nations to the end that the United States would withdraw their forces from Lebanon and the United Kingdom would withdraw their forces from Jordan.

In the United Nations security council, the United States and the United Kingdom have joined, or we have joined with them and other countries, in promoting steps that would provide personnel on behalf of and under the United Nations that would in turn enable those two countries to withdraw their forces. To this end we gave full support last week to a draft resolution submitted to the security council by the United States. In brief, the purpose of that resolution was to enable the secretary general to establish an instrumentality—and the type of instrument would be in his good judgment—that would add to the forces of UNOGIL now in Lebanon. We supported that; yet at the end of last Friday, just one week ago, the Russians vetoed that proposal. That was on July 18.

With respect to my own activities at this time, I may say that I had flown to Washington where I had valuable discussions with Mr. Dulles and Mr. Selwyn Lloyd, a valuable exchange of views. The newspapers have quoted me as taking the stand on behalf of Canada that there should be no expansion of military activities by these two countries, that is, outside of Lebanon and Jordan. The Prime Minister has also taken that stand, and he has so informed the house. From Washington I went to New York, where I had discussions with Mr. Hammarskjold. Then I came here to report fully on the situation as I saw it to the Prime Minister.

I got off the aeroplane on Saturday and heard for the first time that Mr. Khrushchev had extended an invitation for a summit meeting on the Middle East. At the Prime Minister's request I went back to New York on Monday morning where I took charge of the Canadian delegation, and I seized the opportunity then to express the hope that nations would respond to the invitation issued by Mr. Khrushchev for a summit meeting on the Middle East. I shall deal with that matter later.

On that particular day the Prime Minister informed the house that on Monday morning he had sent messages to Mr. Eisenhower, Mr. Macmillan, Prime Minister of the United Kingdom, and Mr. Nehru, and in those messages he expressed the hope that there would not be a negative reaction to the proposal put forward by Mr. Khrushchev.

In New York on Monday and Tuesday of last week our delegation worked very closely with the delegations from the United Kingdom, the United States and Japan in an endeavour to work out a compromise resolution which might be more acceptable to the Russians than the one they vetoed on Friday last, which had been put forward by the United States. This particular resolution was put forward by the Japanese. We were rather hopeful of this resolution that provided in its operative part for an increase in the observer group of UNOGIL and gave further authority to the secretary general to endeavour to stabilize the situation in Lebanon to the end that the United States could withdraw its forces.

As I said in the meeting of the security council on Monday of last week in support of this resolution, I deemed it a positive approach, one which offered the council an opportunity to use and strengthen the United Nations machinery that it had in Lebanon; but this, too, the Soviet union vetoed. And so, as far as the activities of the United Nations in Lebanon are concerned, we are back where we were at the beginning of last week. However, after the veto the secretary general expressed his determination to use the powers that had been voted to him on June 11 by the security council, and he said he would firmly proceed to implement his mandate in the resolution of the date to which I referred. I think it would be of interest to the house if I read a part of the statement the secretary general made on Tuesday afternoon after the veto of the Japanese resolution by the U.S.S.R. Mr. Hammarskjold said:

> I am sure that I will act in accordance with the wishes of the members of the council if I therefore use all opportunities offered to the secretary general within the limits set by the charter toward developing the United Nations effort so as to help to prevent a further deterioration of the situation in the Middle East, and to assist in finding a road away from the dangerous point at which we now find ourselves.

Even before the Japanese resolution failed of adoption Mr. Hammarskjold had decided

to increase the personnel of the UNOGIL in Lebanon from about 135 officers to something approximating 200, and he requested Canada to send three additional observers. The Prime Minister has informed the house of Canada's ready response to that invitation from Mr. Hammarskjold, and I recall the words the Prime Minister uttered in this house, that Canada was willing to take that action, ready to do it, glad to do it, and then he made this statement:

> Canada will supply immediately three of the additional observers, of course giving every attention to any further requirement of UNOGIL as events transpire.

Therefore what is needed now is an expansion of the scope and importance of UNOGIL activity. The hon. member for Essex East asked a question on Wednesday of this week. I was not in the house at the time. The hon. member asked whether Canada had received any further invitation from the secretary general for additional personnel from this country. No invitation has come forward as yet, but Mr. Hammarskjold intimated on Tuesday afternoon at the meeting of the security council that if the Russians vetoed the Japanese resolution he would go to work immediately and evolve a plan for the increase in that particular group. That plan is now, we know, being developed but it has not yet been made final.

Members of the house may recall, Mr. Speaker, that at the time of the establishment of UNEF Mr. Hammarskjold, the secretary general of the United Nations, associated with himself an advisory committee of member states to assist him in the conduct of his task with respect to UNEF. There are indications now that Mr. Hammarskjold will invite certain countries to send representatives to such an advisory committee, and it may well be that he will choose the personnel of the advisory committee of UNEF, the advisory committee that has been in being for some time.

So that is where we stand now. A new United Nations body, not new since Tuesday afternoon but new since June 11, has been developed and set up, and we hope this body will be effective in enabling the Lebanese people to work out their own internal difficulties and dissensions in their own way. I have confidence that such a United Nations body, developed under a plan still to be presented by the secretary general, will be effective in establishing stability.

But what of the future? Is there a way to ensure permanently the independence and integrity of this small country with its unique balance of east and west, with its unique composition of population, about half Arab, half Moslem and half Christian? There were discussions in Washington while I was there—

Mr. Winch: Three halves? The minister referred to three halves. I could not understand the arithmetic.

Mr. Smith (Hastings-Frontenac): I am sorry for that slip. The information I have is that it was roughly fifty-fifty as between Moslems and Christians. The Moslem group, incidentally, is broken up into two parts, one part Levantine and the other part Arab. I will seek to verify my information and if I am wrong I will tell the hon. member. We had discussions in Washington about the future of Lebanon. The discussions had to do with the possibility of having the Lebanese accept a position of neutrality. Favour was expressed by the United States and United Kingdom representatives with respect to that proposal.

I was not here on Monday, but I have read the address of that distinguished representative of a member of the commonwealth, the Prime Minister of Ghana. I know that he also advanced that proposal when he addressed members of the house in joint session with members of the Senate. Can we work toward a status of neutrality for Lebanon and have an international guarantee of its neutrality such as is provided in effect for Austria? It cannot be imposed on the Lebanese, but it should not come as a novel suggestion to them because throughout the centuries, indeed from Phoenician times, the Lebanese have been merchants and traders. Their history shows that by reason of necessity to be friendly with as many people as possible in order to trade with them, they have over the centuries achieved that relationship with bordering countries.

Of course there is a new factor, one that I adverted to earlier in my remarks. Recently Lebanon has been rocked by pressures, sometimes violent pressures, from outside countries. Recently those pressures have been manifested in hostile radio broadcasts and other activities, and these pressures have brought about the vexed situation in which the Lebanese find themselves at this particular time. But it is, I think, possible to find a way out of the situation along the lines I suggested a moment ago. I would expect that the Lebanese might welcome some arrangement establishing neutrality that would assure them their independence in this middle position. But I am convinced that that cannot be brought about without the practical assistance of the United Nations. Indeed, I think it might well require some physical manifestation of United Nations authority, a physical manifestation of such authority on the ground in Lebanon.

The task which the observer group is now performing and will perform to a greater and more successful degree, I hope, will be to insulate the political affairs of Lebanon from those of its neighbours and thus help to restore tranquility in that divided nation. That, Mr. Speaker, could be the forerunner of some continuing role on the part of the United Nations in that country, perhaps not unlike the role played not by the United Nations but by Canada and other members of the international commissions in Indo-China. As hon. members will recall, these commissions were set up by the Geneva agreements of 1954.

In putting forward this suggestion I realize that the United Nations should proceed cautiously, but if the experiment were successful it might be used as a precedent for stabilizing other countries in the Middle East, torn not only by fierce internal antagonisms but by hostile external rivalries and tensions. The possibility of insulation through the United Nations raises novel problems and vast difficulties, but so acute have the problems of this region become that we must cast our minds about to examine every possible line of approach which might offer the prospect of advance.

I make another reference to the stability not only of Lebanon but also of the Middle East. Much of their trouble can be traced to the economic difficulties in which they find themselves, and I would hope it would be possible to give some assurance of economic stability not only to Lebanon but to the whole Middle East that would warrant and promote political stability. In this particular task I can foresee for the United Nations and for other organizations a really valuable role.

As the Prime Minister said the other day in the house, this is not the time for stagnant thinking, and if there is anything in this new United Nations approach, the west could seize the opportunity at the summit meeting which now appears certain to be held in New York and endeavour to make a small beginning, at any rate, in the country of Lebanon.

That was one reason that prompted the Canadian government to welcome the Soviet proposal of last Saturday, a proposal that contained offensive and provocative language giving unnecessary offence to the addressees. Indeed, I had occasion to point out to Mr. Sobolev when I was in New York that it was unnecessarily truculent and offensive. But I know I can speak for the Prime Minister when I say that in sending messages to President Eisenhower, Mr. Macmillan and Mr. Nehru, expressing hope that there would not be a negative attitude to Mr. Khrushchev's proposal, we had in mind that some constructive measure such as the one I have been indicating might be looked at and adopted not only for Lebanon but for the Middle East.

Then with reference to the message that was received by France, the United Kingdom and the United States from Mr. Khrushchev, we had in mind that a meeting at the top could result in a diminution of international tension. On Sunday we discussed also the terrible possibility, not the probability but the terrible possibility, of the nations of the world sliding into a global nuclear war. The leaders of the governments of this generation would never be forgiven if they did not exhaust every possible way of relieving, at least in some measure, international tension.

This was another basis for the messages that went out from the Prime Minister over the week end. I can claim that in this regard Canada took the lead. The public expression of the desire of this government to promote the holding of a summit meeting was the first public utterance on the western side in this respect. I took the opportunity in the security council, as did the Prime Minister when he informed the house on Monday, of making very clear our concept of the desirability of holding an international conference as suggested. I have in mind, but I cannot claim this, that my observations had something to do with the postponement at least of the U.S.S.R. proposal to call for a general assembly meeting in which they could indulge in more propaganda.

I have in mind also that the stand of the Canadian government, as expressed by me in the security council on Monday of last week, had something to do with the acceptance of the counterproposal put forward by Mr. Macmillan on behalf of the United Kingdom. The real significance to me of the resolution with respect to the holding of a meeting in the security council—I do now expect it will be a favourable decision—is that this meeting will be held under the aegis of the United Nations. The security council, and I quote from the United Nations charter, was established for the following purpose:

> In order to ensure prompt and effective action by the United Nations, its members confer on the security council primary responsibility for the maintenance of international peace and security, and agree that in carrying out its duties under this responsibility the security council acts on their behalf.

In my opinion, that is the proper forum for a meeting of Mr. Macmillan, Mr. Khrushchev, Mr. Eisenhower, General de Gaulle and others.

We have noted with encouragement that Mr. Khrushchev has responded to this proposal that was sent out in clearer terms, perhaps, from London than from any other capital, that this meeting should be held within the security council. It could be, it may be—I emphasize the word "may"—a meeting of momentous consequence. Again, I say that it is worth trying in terms of the voice of humanity. Furthermore, I have in mind that apart from the powers whom I have named and to whom the letters were addressed by the author, the presence of Mr. Nehru, the distinguished leader of one of the nations of the commonwealth and a representative of the awakening world of Asia, would contribute much to such a conference.

With reference to the eventual composition of the conference, I am sure that the house will have noted the observations made yesterday by Right Hon. Mr. Macmillan at Westminster. These are his words:

> I am glad to note Mr. Khrushchev's latest letter recognizes . . . (that) . . . until the form of the meeting has been agreed it would be premature to lay down which countries, which are not members of the security council, should attend, or by whom they should be represented.

I agree with that particular view, at this stage, when there will have to be negotiations with respect to the time, with respect to the agenda and other matters. I would say this, however; that it will be for the security council to decide what nations, which are not members of the security council, should come to the table of the security council. That is a procedural matter for the security council. I saw it in operation on Monday and Tuesday of this week, for example. The council, by formal resolution presented by the chairman before one meeting on Monday started and before the two meetings on Tuesday started, asked the representatives of the United Arab Republic, Lebanon and Jordan to come and be present at the council table. I say again, Mr. Speaker, that is a matter for the security council to decide.

However, I express anxiety lest these matters having to do with who will sit and who will go to the meeting should jeopardize the holding of that meeting. Questions of this sort should not be insuperable or prevent the proposed meeting of the security council. In my opinion they should be treated and considered as secondary. With respect to this meeting in New York, whatever the date may be, I have in mind that it is desirable also, if some means can be found, to have the opinions of the numerous countries concerned, because no plan that may be evolved in the security council will be successful unless the proposals are accorded the approval of the peoples of those regions.

One of the problems we in Canada must always keep in mind is a concern, for example, lest the prosperity of Israel should not be safeguarded in the forthcoming negotiations. Surely it will be possible to get the views of the Middle East countries whatever the procedural device may be. Many problems, as I indicated a moment ago, will arise on the subject of time, on the subject of the agenda and prior consultation. But when the Prime Minister spoke in this house on July 25 about the possibility of holding such a meeting within the security council he deliberately used words which took into account the flexible procedure that would have to be devised if this conference is to be brought into being.

I would express on behalf of Canada the hope that we will have this concept of flexibility. It is here, I believe, that the secretary general, with his great experience and wisdom which he has shown particularly during the past two weeks, could be given the opportunity of devising some formula within the existing United Nations structure in order to enable these important conclusions to be reached with respect to those matters to which I referred, and to the end that the consultations at New York will be fruitful.

It is not inappropriate that I announce at this time an important development in connection with the responsibilities of Canada in Indo-China. I would just bring back to the attention of the members of the house the role that Canada has played through its membership in three international commissions in Indo-China; one international commission in Laos, one in Cambodia and one in Viet Nam. That was an example I used a few moments ago. Here were powers sitting down at Geneva in 1954 to deal with dissensions in these three parts of Indo-China. There was in that particular area the possibility, indeed the probability, of a collision of the communist powers on the one side and western countries on the other.

What was done? There was established at the Geneva meeting machinery whereby the situation in these three countries could be stabilized or helped to be stabilized through the presence of international commissions. Canada was and is a member of those international commissions in the three countries, the other members being India and Poland. With the physical manifestation, if nothing else, of these three international commissions the result was that in Laos the royal government was enabled to bring about the stabilization of the situation there.

There was a reconciliation of the communist forces and the royal force and there came about stability. On May 4 of this year supplementary elections were held in Laos and they indicated to Canada that its task had been performed in Laos through its membership in that commission.

Hence I informed the house recently that the Canadian delegation to the international commission for supervision and control in Laos had introduced a resolution calling for the dissolution of the commission. I wish now to inform the house that the international commission for Laos was adjourned *sine die* on July 19. There were forces at work there —and you can guess their origin—which resisted the retirement or the adjournment of the Laos international commission.

In the end Canada joined with others in bringing about this adjournment *sine die*. We made it very clear that we were not getting out by reason of any threats or suggestions by Laotians, but we had in mind the representations made here by Souvanna Phouma, the Prime Minister of Laos, that after the election had been held and the situation stabilized, he felt that the commission would have performed its task. That commission can be reconvened in Laos at the call of the chairman, the representative for India. Canada must be consulted. If we go back by reason of any particular emergency we will always have in mind the rights of the Laotian government, and we will not interfere with the sovereignty of that country. In the opinion of the Canadian government the commission which began its operations in 1954 has completed its task.

With respect to Viet Nam there is tension, as the members of the house well know, between South and North Viet Nam. That situation has not been stabilized. There is a need for the continuation of the work of the international commission in Viet Nam, but we have advice that we can apply a formula similar to the Laos one to Cambodia where the situation has been stabilized.

I seize this opportunity to pay tribute to India, which provided a chairman, for its co-operation, and also to pay a tribute to the success of the royal government in Laos in bringing about a reconciliation of the two forces that were indeed hostile to one another. We will now take up the problem with respect to Cambodia. As I indicated a moment ago, we should be able to use the same formula of adjournment.

I come back to this concept that I advanced earlier with respect to Lebanon and with respect to certain other countries in the Middle East. Is there not something in the example of the success of the international commissions in Laos and Cambodia for a solution of some of the problems at least in some of the trouble spots in the Middle East?

I will now speak on the problem of disarmament. It may be that some will have the thought that we should not be talking about disarmament in the particularly vexed situation that we now have. I do not share that view. Indeed, the interest in and the desire for disarmament have been intensified by events in the past few weeks. In order to provide members of the house a perspective with respect to disarmament, a perspective that will be read with deeper concern during the present situation, I am tabling a white paper with respect to the disarmament discussions in 1957.

I need hardly recall for the information of the house the breakdown of the negotiations that were carried on through the subcommittee of the commission on disarmament established by the United Nations. France, the United Kingdom, the United States and Canada put forward certain proposals on August 29 of last year. They appeared to be a package deal, if I can use that expression. Since the time negotiations broke down, the Russians having flatly rejected the proposals, the countries of the west including Canada have been endeavouring to make clear that those proposals of August 29, 1957, were merely put forward as a basis of discussion. Indeed the Prime Minister in the general assembly last year and I myself in the political committee of the United Nations and in the general assembly urged that the Russians look at those proposals as being flexible. But that situation was not accepted by the U.S.S.R., and little if anything has been done within the United Nations since last autumn with respect to disarmament.

However, there have been some encouraging signs recently of a resumption of negotiations. We were all gratified that President Eisenhower felt it possible to make a suggestion with respect to one kind of disarmament or with respect to certain measures that could lead to one kind of disarmament, and he put those forward to Mr. Khrushchev. We are gratified and encouraged to hear that Mr. Khrushchev has accepted the proposal to establish a technical group for the purpose of examining the possibility of providing adequate supervision and control of nuclear tests and methods for the detection of nuclear tests.

The discussions began in Geneva on July 1 of this year with respect to the scientific problems involved. Even if I knew what had been happening at those discussions I would not understand the scientific problems, but I can say it is authoritatively reported that

the talks between the scientists are making headway in an encouraging manner. Without attempting to predict the final outcome of this scientific conference, I am confident that significant findings will be made by this technical group. Canada, as the house knows, is represented there by Dr. O. M. Solandt who has associated with him four other Canadian scientists. The other Canadians are Mr. H. Larnder and Mr. A. K. Longair of the defence research board, Dr. P. L. Willmore of the dominion observatory and Professor G. M. Volkoff of the University of British Columbia.

The government has held the view that after the findings of this group are made known, in which findings we feel confidence could be placed, a method might be arrived at by which to detect nuclear tests, and then the countries carrying on such tests might come to a political agreement with respect to the cessation of these tests. This is a view which has been advanced by the Prime Minister throughout the country on several occasions; but let me say that the detection and inspection, the control and supervision of nuclear tests do not constitute in themselves a measure of disarmament. They are a means to ensure disarmament; they provide sanctions for a political agreement with respect to a type of disarmament, and I would express the hope that after the successful conclusion of the present technical studies there might be taken what could be regarded as a step having a revolutionary effect on the international climate.

An initial move might be made with respect to the cessation of further nuclear tests, and in that way there might be established some element of mutual trust and confidence, after which the nations concerned could move on to the more complex aspects of a disarmament program. The suspension of nuclear tests with these guarantees as to detection could constitute the first step toward agreement, which agreement would in turn be the first step toward disarmament, even though this would not be the most important measure, which is that having to do with the use of nuclear weapons already proved.

There is another encouraging factor on which I would like to report with respect to disarmament. Mr. Eisenhower proposed that it would be useful to study practical measures to provide required safeguards against surprise attacks and we have been heartened by a rather affirmative reply by Mr. Khrushchev. We in Canada should promote in every possible way the holding of a meeting of experts of a somewhat similar nature to the present Geneva meeting with respect to the detection of nuclear tests, in order to study means and methods of preventing surprise attacks. This is a matter which is, of course, of very direct concern to this country with particular reference to surprise attacks over the Arctic region.

I am sure I need not spell out the implications of this matter or draw a picture of what we have advocated in this regard. I reported on our advocacy at the Copenhagen meeting. The Russians have indicated—and this I would like to emphasize—that they might be willing to sit down with such a group. I do not think a political agreement would be necessary at this stage, any more than it has been necessary to enter into a political agreement with respect to the holding of nuclear tests while the current meeting of scientists is being held. I propose, however, that experts should be brought together in order to study this further problem.

One cannot anticipate the measures which the experts would put forward. They may have to do with electronic or radar devices, or they may be along the lines of ground inspection as proposed by the U.S.S.R., which could operate rather simply as a bilateral exchange of inspectors, or a more strictly supervised international system might be involved under the control of the United Nations. We could, however, make progress in this regard.

The U.S.S.R. has on many occasions replied to the proposal for detection or knowledge of the possibility of surprise attack over the Arctic that this really does not matter very much. To us in Canada, however, it does matter, and the Prime Minister indicated last summer that for the operation of a scheme to prevent surprise attack all of the Canadian territory would be made available on a reciprocal basis if the Russians would give a similar undertaking.

The proposal has now been made by the United States and Canada that both countries would throw open their territories to inspection to ensure against surprise attacks if the Russians would do likewise, but the U.S.S.R. wants this system extended to the United States bases in Europe. The United States has said, we will throw open Europe from the Atlantic to the Urals, but if we go as far as Europe will you also agree to allow inspections of that kind? It seems to me, however, that without decisions at this time as to the exact location of such inspections we would at least make a start by arranging a meeting of experts to consider effective technical measures which could be taken in the event that such a political agreement were made.

To come back to the Arctic area, it would be easier to establish a system of control and supervision in that region than it would be in the more populous areas of the North American continent; but we must arrive at

some agreement, however small and paltry it may seem, to take a step forward in order to establish some measure of mutual trust and confidence. We could go on from there to deal with the more difficult areas and more complex problems. We must, however, always be conscious of a dilemma. Every government must be concerned about the security and safety of its people. Any government which failed in that respect would be guilty of a grave sin.

On the other hand, if we are not going to think about the possibility of disarmament, if we are not going to endeavour to take some steps, what is the situation ahead of us and of the world? There is a certain inevitability, an inexorable result, that might flow from a continuation of the building up of armaments on this side and on that side. That is what I meant when I used the word "dilemma" in terms of national and international security. We will have to break that down and give our people some assurance that we do not admit the abiding necessity of building up armaments, and that we intend —to use an expression that I employed in this house some months ago—to keep our powder dry and at the same time endeavour to make some advance in establishing mutual trust and confidence and come to some understanding with the U.S.S.R. I cannot believe that the peoples of the U.S.S.R. any more than the Canadian people want to go on and on in building up armaments. Indeed, there are suggestions and signs that it concerns them economically now as well as in terms of the possibility of an international conflict that would destroy the governments and many people of all countries.

I should now like to refer to another device of the U.S.S.R., and that is the economic device to the end that they might obtain and could obtain world domination. They have been infiltrating into countries in various parts of the world that are not yet committed to the U.S.S.R., to the communist group, and not committed to the west. By economic penetration, by barter systems and loans and other means they are making advances in that regard. To me that might mean that they will win the victory in their search for world domination without ever firing a shot. I regard this as one of the most urgent aspects of our foreign relations and one of our major contributions to peace, the aid and assistance particularly of underdeveloped countries, and I know I speak for the Canadian government when I say this. There are measures that are being taken—but I think they should be increased—to respond to this challenge.

With respect to Canada's role, during the past year we have continued to support the Colombo plan and the specialized agencies within the United Nations. Indeed, in several instances the support has been increased as compared with the year before.

The Colombo plan operates under the broad umbrella of an annual consultative conference. It really works out, though, that the assistance is given by bilateral arrangements between Canada and some other country, and out of these arrangements come discussions that have to do with the plans and priorities of the recipient country. There has been no suggestion on Canada's part, and I think it is wise and will be effective in the long run, of any political strings attached to the gifts.

With respect to the Colombo plan, there are two countries that are not within the Colombo plan but for which we have a deep concern, namely Ghana and the British West Indies. This house has been informed of the contributions that have been made to Ghana in terms of personnel and to the British West Indies also in terms of personnel. I will not take the time of the house to inform you with respect to the men who are now in those two countries, men who are particularly well qualified in their own chosen field, in order that they may assist these newly emerging countries and also help them to help themselves. The bulk of Canada's aid, however, is now under the Colombo plan which is being directed to those parts of the world for which we have a special concern.

With respect to economic aid, I would remind the house that Canada has contributed to the establishment and the sustenance of the international bank for reconstruction and development, and we would hope that agency could be strengthened. We can take pride that Canada, on a per capita basis, is the second largest contributor to United Nations technical assistance; but getting away from the per capita yardstick, Canada is the fifth country of the world in terms of total contributions to the United Nations in her technical assistance and relief programs.

Hon. members may recall—I am certain that those who were members of the committee on external affairs last session will recall—that there was much consideration given to the possibility of establishing a fund within the United Nations to be known as SUNFED. That concept as conceived at the United Nations was given up and in its place there was proposed the establishment of a special fund. This proposal was referred to a preparatory committee of the United Nations on which Canada was represented. The economic and social council is now considering the report of this preparatory committee, and at the next general assembly the final details should be settled and a new instrument of United Nations aid achieved. Canada has indicated that it would consider making an

appropriate contribution to this fund provided that the organizational arrangements are well designed and provided that there is broad support for the proposal among, particularly, the contributor nations.

During the last session information was given to the house with respect to Canada's extension of its aid in terms of flour and wheat in emergency situations.

I would go back for a moment to the West Indian contribution. I recall that a few weeks ago the hon. member for Laurier asked a question with respect to the giving by Canada of a steamship for interisland communication in the British West Indies. I intimated then that there would be a team of shipping and shipbuilding experts sent from Canada. That team has been to Port of Spain and has now returned. We expect that a report will be made in due course concerning the specifications for the new ship that Canada has undertaken to build and give to the British West Indies.

We will be holding a conference with respect to trade and economic matters within the commonwealth at Montreal in September of this year. There will be on the agenda of that conference an item relating to the economic progress of the underdeveloped parts of the commonwealth. I am confident that through those discussions Canada can make a further contribution in respect of those nations to which I referred, a contribution not only of capital but also in terms of technical assistance. I should not like to leave the impression that under the Colombo plan and other systems of aid to underdeveloped countries Canada has forgotten underdeveloped countries that are not members of the commonwealth. The most of our assistance, however, has gone to the commonwealth countries and, as I intimated a moment ago, further thought will be given to these matters in the context of the Montreal meeting.

My foregoing remarks have to do with countering the movements of the U.S.S.R. in the economic field. Indeed it is a fact, Mr. Speaker, that the west has given more and has been giving more for a longer time to underdeveloped parts of the world than the Soviet bloc. They are paying us the compliment now of following our activities in that regard, but you may be sure that their gifts always have a political string attached to them. I do not think we should ever endeavour to counter every Soviet gesture. We should work steadily, in co-operation with the people of those countries, within their plans and priorities in our earnest desire to help them and to bring reality to their hopes. In this way we can best counter the Russian activities in this regard and we can contribute to the peace and prosperity of the world.

I eagerly look forward to this debate and to the discussion in the meetings of the committee on external affairs, to the end that in the formulation of its external policy and in the implementation of this policy, Canada can speak with a strong voice.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, the house will, I am sure, have listened with great interest and appreciation to the statement of the Secretary of State for External Affairs. He has covered many important subjects, more particularly perhaps one which is very much in our minds at the present time. If he will permit me to use the expression, in recent days he has been a winged mercury flying backward and forward from here to New York, to Washington, in the search with others for a solution to an international crisis which is centred in a part of the world which may seem to be very far from Canada but which in terms of its effect is very close to Canada. He has been seeking a solution which, if it can be found, will reduce tensions and strengthen security and which, if it cannot be found, will add to those tensions and diminish that security.

I know the minister must have had a very exhausting time in recent days. I know that his work has been not only exhausting but at times it must have been frustrating, but I know also he has found it rewarding and that he has received great satisfaction out of the opportunity he has been given. I know too that he has taken full advantage of that opportunity in making on behalf of the government a contribution to the search for international peace and security, which is a search in which we are all engaged in one form or another.

I can assure him and the government on behalf of the opposition that our good wishes go with them in the work he is doing, and we wish him well. He has covered some important subjects. There are some, of course, which he has not had the time to cover and this resolution before us now, which will permit the setting up of the committee on external affairs, will give us a chance in the committee to go into some of these matters which we have not the opportunity of discussing today.

There are many subjects and there is little time. I would like to begin by making a reference—and it will be only a brief reference; some of my colleagues may follow it up later—to the United Nations and its activities in recent weeks and months. It has shown itself once again to be an indispensable piece of international machinery even when it has

not been effective. We have once again had driven in upon us that when trouble starts and when the big powers do not want to get into it, or want to get out of it after they have got into it, they go to the United Nations and seek—and it is right, of course, that they should seek—ways out of their difficulty through our world organization.

The United Nations now, as in the past, is being asked—thank goodness it is being asked—to come to the rescue, to stop trouble spreading. But while that is a vital role to be playing, especially at this time, even more important is the role of the United Nations in preventing trouble. We sometimes forget—the minister reminded us of this aspect of its work today—that trouble-preventing role, that positive and constructive role of the United Nations in the humanitarian, social, economic and co-operation fields; but the core and centre of its responsibilities are its political activities in its efforts to prevent war. That, of course, is where we encounter at the United Nations and elsewhere our real difficulty.

Perhaps the best example of that difficulty has been given by the minister himself in his statement this morning, when he referred to the work in the United Nations and indeed of committees outside the United Nations on disarmament, the agonizing attempt which has been made now for so many years—and I recall when it began with the old League of Nations in the late 1920's—the efforts to reconcile security and disarmament and to decide which comes first.

I welcome the white paper which the minister has been good enough to table this morning and which will perhaps give us the basis for a useful discussion of this matter in the committee on external affairs.

We are getting toward the end of July. This reminds us that the United Nations annual assembly will soon be taking place. I have no doubt that the Canadian government are now beginning to discuss and decide what attitude they should adopt at this assembly. I would like, if I might, to mention three things in which I think it might be helpful if Canada could take the initiative. Indeed, I think in at least one matter Canada has already taken an initiative. That initiative might be followed up. The first matter is I think of great importance at the present time, an importance which should not be obscured by the immediate international crisis in the Middle East which occupies so much of our time and attention, if it can be done—and I do not know where it can be done except at the United Nations—is to try to halt the spread of the manufacture of nuclear weapons to other than the three countries which now do manufacture them.

I quite appreciate the difficulties in the way. For that purpose would it not be desirable to explore at the forthcoming United Nations assembly the possibility of a resolution which might get the necessary acceptance and which would embody a self-denying principle accepted by all the other members of the United Nations in regard to the prohibition in their own territory of the manufacture of any atomic weapon of any kind? It is frightening enough to have those weapons made in three countries. It will be much more frightening if that manufacture is spread to countries all over the world, and that will happen if something is not done about it because the techniques and the procedures in regard to those matters are becoming known.

It will not be long before there will be a number of governments, some perhaps in the control of people whom we may not trust—I have no particular area of the world in mind when I say that but it may happen in the future—that may all have access to weapons which can destroy the world. While the situation is bad enough now, surely that is infinitely more frightening.

Then there is another matter which is related to the one I have mentioned. I refer to the suspension of tests of nuclear weapons of mass destruction. I think we in Canada should now push the initiative at the United Nations for the abolition of these tests over a period of let us say five years, without any conditions being attached except that of United Nations supervision which, of course, is an important one.

Then there is a third matter which does not involve taking the initiative because Canada has been pressing this at the United Nations for some time, and I believe did so at the last assembly. Is this not a good opportunity in the light of what has happened in the last few months to press forward for the establishment of a permanent United Nations police force? I hope to have something to say about that a little later. Perhaps the atmosphere now is more conducive to progress in that regard than it was a year or two years ago. These, then, are three matters which perhaps might be pushed at the forthcoming assembly of the United Nations.

I come now to the matter to which I shall devote most of my time, as the minister quite rightly did; the situation in the Middle East and more particularly in Lebanon and Jordan. This situation developed quickly, at least in its more critical manifestations of recent days. I know the difficulties the government must have had in trying to make up its mind without very much warning as to the policy that should be pursued. In

appreciation of those difficulties and with some understanding, as we should have, of the responsibilities incumbent upon us, the opposition attempted to be as constructive as possible during these days, not to ask questions merely for the sake of asking questions or which might confuse an already complicated situation and, indeed, to do nothing which would prejudice the maximum degree of unity in this house and throughout the country over an issue which transcends and I hope will continue to transcend partisan considerations. When peace is threatened—and peace was threatened and perhaps still is—we must all be as united as possible in the house and in the country.

That has been the spirit that has animated us on this side during recent days; nevertheless we have our responsibilities as an opposition, and we must discharge them in a way which will result in questions addressed to the government on various aspects of policy. Indeed, we have also a duty to put forward proposals ourselves when we think that is desirable, so I am going to deal with the Middle East question in somewhat more detail than I confess I have ever been called upon to do before either on this side or the other side of the house, and the reason for that is obvious. I am going to try, if I can, to put the problem in perspective, and that will perhaps require a little more discussion of the historical background than would normally be the case.

As I have said, the problem is greater and deeper than its recent manifestations, because they are merely the reflection of a situation which is deep-rooted, difficult and dangerous. That situation, that problem—and it certainly is an international problem—is the emergence of a passionate Arab nationalism which expresses itself at times in bitter and even savage anti-foreignism or anti-imperialism as they more often call it. Perhaps we should not forget that as we have to face the immediate problems that arise from day to day out of this situation.

The situation in its historical perspective has been well put by Professor Smith of the school of Islamic studies at McGill University in his book, "Islam in Modern History", when he says:

> For 75 years the Arab has got up in the morning, has lived his life, has pursued his pleasures and his dreams, always under the shadow of guns—guns in alien, unfriendly hands, ready to fire, ready to call in from across the sea more guns, ships, tanks, planes, might. Whether this power was used, as from time to time it shatteringly was, or was merely threatened, as often it cogently could be, or was merely there, always the shadow, the shame, the oppression remained. Whether terror or insult, provocation or opiate, this bitter foreign power has stood, an abiding fact. Any thought about the Arab world uncoloured by the vivid imagination of this dominating reality is unfruitful, misleading, false.

I know that this feeling, expressed so graphically in this quotation, is fomented, exploited and when possible directed by the forces of the international communist conspiracy and also—and we should not forget this—by Russian imperialism, which is something else. But without communism there would still be trouble in the Middle East and there would still be Russia with her eyes and ambitions on her historic goal in the Mediterranean. That, Mr. Speaker, is the historical background against which we have to consider the crisis facing us today.

Perhaps, Mr. Speaker, this would be a good time for me to ask you to call it one o'clock.

At one o'clock the house took recess.

AFTER RECESS

The house resumed at 2.30 p.m.

BUSINESS OF THE HOUSE

ELIMINATION OF PRIVATE MEMBERS' HOUR THIS DAY

Mr. Speaker: I understand the house leader wishes to revert to motions to deal with a matter relating to the procedure of the house. Does the minister have leave?

Some hon. Members: Agreed.

Hon. Howard C. Green (Minister of Public Works): The suggestion has been made, Mr. Speaker, that in view of the importance of this debate on external affairs the house should not take the hour this afternoon for discussion of private bills. This course is quite satisfactory to the government, and we have arranged among the three parties that the debate on external affairs should continue right through.

Mr. Speaker: Does the house give unanimous consent to an order dispensing with the period for private and public bills at five o'clock today?

Some hon. Members: Agreed.

EXTERNAL AFFAIRS

REFERENCE OF ESTIMATES OF DEPARTMENT TO STANDING COMMITTEE

The house resumed consideration of the motion of Mr. Smith (Hastings-Frontenac):

> That items numbered 85 to 111, inclusive, item numbered 502, items numbered 542 to 549, inclusive, and item numbered 655, as listed in the main and supplementary estimates 1958-59, relating to the

Department of External Affairs be withdrawn from the committee of supply and referred to the standing committee on external affairs, saving always the powers of the committee of supply in relation to the voting of public moneys.

Hon. L. B. Pearson (Leader of the Opposition): When the house rose at one o'clock, Mr. Speaker, I was attempting to deal with the situation in the Middle East and to put that situation in what I call historical perspective, relating it especially to the rise of Arab nationalism as one of the important factors in contemporary history.

The Arab people have found a man or, if you like to put it this way a man has imposed himself upon them, to personify and also in a sense to harness these nationalist forces, and that man is Colonel Naşser of Egypt. He did not create but he is attempting to dominate and direct these forces and bring them all within a united Arab federation an ideal which if it is realized without force or aggression is not, I suggest, anything which in itself the west should oppose, even if that federation decides to be uncommitted in what we call the cold war.

For this purpose Colonel Nasser and the United Arab Republic have skilfully exploited their hatred of the new state of Israel and their hatred of the old state of imperialist control, as they call it, from outside the Arab world whether by Briton or Frank or Turk or any other outsider. The Russian, never having been able to accomplish his political objectives in this area, retains a relatively good reputation, based on ignorance, perhaps, and recent skilful diplomatic tactics. The United States until recently has also been reasonably popular because the United States has been the country of aid, oil royalties and schools.

Now, Mr. Speaker, this surge of Arab nationalism, accompanied by a demand on the part of the people for a better life, has expressed itself in agitation in Arab countries and in North Africa for liberation from outside control. We should not forget that Great Britain had recognized this surge before the Suez crisis by withdrawing from many of its previous positions in the area, as the French had done before them.

I have suggested that no one man and no one state was responsible for these withdrawals. They were due to the increasing nationalist forces in the countries concerned, and a weakening of western European force after the exertions and sacrifices of two world wars. These withdrawals, whatever may have been the reason for them, reflected this weakening of the position of Great Britain and France in that area and they caused, in a sense, a vacuum of instability, of disorder, which seemed to many of us in the western world to spell revolution, subversion and danger.

There is no doubt that Colonel Nasser hopes to fill this vacuum by establishing a united Arab republic under Egyptian leadership and including all the Arab states. The most dramatic and indeed disturbing, but certainly not the only evidence of this Arab nationalism, was expressed a few years ago in the expropriation of the Suez canal which caused an international crisis at that time and which is very much in our minds even now. This expropriation took place after which the question of the Suez canal was brought before the United Nations and it led, as we know, to intervention by Israel which felt compelled to move into the Sinai peninsula, and then the intervention of Great Britain and France.

The purpose, the details and the results of that intervention are well known. Perhaps it is not inappropriate to say that that intervention at that time might never have taken place if the United States had adopted a steady, consistent and wise policy toward the Middle East in the month preceding it. Of course this is an argument on history. The fact is that intervention did take place suddenly, with force and certainly without any consultation of any kind with Canada.

There has been a tendency, even more than a tendency, in certain quarters to compare the Anglo-French armed intervention in the Suez crisis with that of the British in Jordan and of the United States in Lebanon. I think there is very little similarity, if any, between the two. The United Kingdom and France found it necessary to intervene in Suez after the fighting had begun between Israel and Egypt, against the wishes of both parties and against the resistance of one party to that fighting.

There was no reference of the matter to the United Nations, but on the contrary there was opposition to any such reference. Shortly afterward, however, when the reference was made against the opposition of those who found it necessary so to oppose, the two intervening countries agreed to withdraw as soon as United Nations forces could ensure order. So steps were taken to that end by the assembly with which we are all familiar.

Contrary to what has been stated, and stated more than once in this house, during the whole of that episode, during all that stirring and tragic time, neither Great Britain nor France was ever declared by the United Nations to be an aggressor. Indeed, one of the things from which some delegations, including the Canadian, derived the most

satisfaction is that they were able to block moves which were made to that end throughout the discussions in the United Nations assembly, moves that were pressed by anti-western powers with unscrupulous vigour.

Surely the recent interventions in Lebanon and Jordan are very different. They took place at the specific request of the governments of those countries. They were warranted, so it was claimed, by the doctrine of collective self-defence embodied in article 51 of the charter, or at least by a constructive and not unreasonable interpretation of that article. As my hon. friend the minister mentioned this morning, it was stated that in Lebanon intervention was required to protect United States lives and to help to protect—I am quoting from the statement of the President of the United States on this subject—the independence and integrity of Lebanon. It was also made clear that this move was made under the influence of what the President called the tragic and shocking events which had just taken place in a neighbouring state, namely Iraq, from which perhaps too hasty and too alarming conclusions of immediate disorder had been drawn. As far as Jordan is concerned, the United Kingdom explained that the king and the government of that country had asked for help not only in the face of the developments in Iraq but because of evidence, we are told, that the United Arab Republic had decided to attack and overthrow the regime of King Hussein. The actions taken by the United States and the United Kingdom up to the present have not resulted in the use of force, and we must hope they will continue to avoid the use of force.

These actions were reported to the United Nations security council and, as was mentioned by my hon. friend the minister, they have been discussed rather fully there. Both governments have emphasized at the security council that not only are they willing but are anxious to withdraw as soon as the United Nations take measures adequate to protect the independence of the countries concerned. I can understand that their protestations with regard to their desire to withdraw are sincere.

There is little similarity, therefore between the Suez intervention and that today in Lebanon and Jordan. I think it is demonstrably wrong and unfair to accuse the United States of doing now what Washington criticized the United Kingdom and France for doing two years ago. The United States action may have been wise or unwise but it was not similar to that previous action. It can be criticized but not, I suggest, on those grounds.

There are, however, those who claim that although the situations may not be the same, United States intervention in Lebanon is belated but complete justification of the British and French armed intervention in the Suez a couple of years ago. Speaking for myself I fail to see how any such deduction can validly be drawn. It is quite true that the armed intervention that took place at that time could, without too much difficulty, have resulted in the overthrow of Colonel Nasser. Indeed, if the British and French governments had had primarily that objective in mind they might have waited for a few days and perhaps the Israeli army would have done it for them.

But what would have been the result? What would have been the price that would have been paid for that overthrow? I suggest that the Asian and African world and especially the Moslem world, including nations of the commonwealth in that world, would have been and would have remained bitterly hostile and antagonistic. I also suggest that the Soviet union would have been able very skilfully to exploit that bitterness and hostility. I suggest that a new Egyptian government would in all probability have been set up which would have required British and French armed and economic support against the opposition of the Arab people, fomented and supported from the outside by the forces of communist imperialism and from inside by the forces of Arab national extremism. It seems to me that the difficulties the British and French are encountering today in Cyprus and in Algeria do not encourage the belief that they could easily or successfully have handled a situation of that kind in Egypt along with all the other problems with which they have to deal.

Finally there would have been division and dissention inside the United Nations to a point, I suggest, where that body might have been fatally weakened. Hence it is my conclusion that those who think that the ejection of Colonel Nasser from Egypt and from power two years or so ago would have solved all our Middle Eastern problems and would have forestalled the present crisis, misread the facts of history and the logic of contemporary international problems.

To return, however, to the intervention which we are facing in Lebanon and Jordan today, may I say this. The test that must be met by that action is not whether it could or can be justified on grounds of international law and morality, although I think that test can be met. As I see it, the test is whether it was wise and likely to achieve the ends desired. What are those ends and perhaps I should add, what should they be?

The first—and this was obviously an objective on the part of the British and United States governments, and indeed it is an objective of Canada—is stability, security and

peace in the Middle East; and also recognition of Arab nationalism based on Arab countries free of Soviet communist threats, free of penetration and subversion, each one governing itself as it desires without interference from or without interfering in neighbouring states.

The second objective is collective security for defence against aggression. That certainly has been an objective of the British government over recent years in this area. The west, led by the British government, has tried to promote that objective of collective security through the Baghdad pact, which, we must not forget, it was hoped would embrace all the Arab states but which has never succeeded in doing so. However, it has split the Arab world into two camps, with the United Kingdom and the United States in one camp or at least with the United States half way in that camp and the other forces in the other camp.

I suggest that the third end that is being sought is security for oil supplies in that area which are vitally important to the whole economy of western Europe and, to a lesser extent, to other parts of the world; the security of navigation through the Suez canal, and the maintenance of legitimate western economic and other interests in the area.

Finally, I suggest as an objective of western policy in that area the right of Israel to a national existence within recognized and agreed boundaries. Of course there have been other objectives and policies, but perhaps these are the main ones.

A couple of weeks ago the violent and sudden overthrow of a friendly regime in Iraq seemed to strike at those policies and to foreshadow not only the end of the Baghdad pact but the revolutionary absorption of Lebanon and Jordan into the United Arab Republic; hence the intervention.

Again the question arises, does the intervention which has taken place strengthen and safeguard the objectives I have mentioned or does it serve to prevent some of the undesirable results which I have also mentioned? I doubt the first, though I admit the pressure which appeared to necessitate intervention at the time. I also admit the possibility of unhappy consequences if the action had not been taken. Presumably there was not very much time. That is one of the tragedies of international affairs these present days; there is never enough time to assess the consequences of action or no action. Presumably on this occasion there was not enough time, certainly not very much time, in which to weigh the disadvantages or advantages of intervention or no intervention because—and this is one of the most worrying features of the whole situation so far as I am concerned—the outbreak in Iraq seems to have caught the western countries which have the most in the way of intelligence services completely by surprise. Yet we are now told by the authors of this revolution that they had been plotting it for months and years.

It is also now clear, and the minister mentioned this this morning—at least I believe he mentioned it, though if I am misinterpreting what he said he will correct me—that the governments of the United Kingdom and the United States are anxious to liquidate their intervention as quickly as possible and replace their forces by those once again, of the United Nations, for the important purpose of establishing and maintaining the right of Lebanon and Jordan not to be gobbled up, if I can put it that way. That is an understandable policy on the part of London and Washington because it is difficult, at least it is difficult for me, to see anything but difficulty ahead if this intervention has to be maintained.

We ask ourselves this question. Will the United States intervention in Lebanon increase the interference and aid for the rebels from outside, to prevent which was one of the purposes of the intervention? We read in the newspapers today, that the foreign minister of Lebanon is again complaining of assistance to the rebels from outside which he says has increased during the last week.

Another question we can hardly refrain from asking ourselves is what is the continuing objective of the intervention? What happens if King Hussein goes, or if he moves out of Jordan against Iraq? And above all, what effect will this intervention have on Arab nationalism in Lebanon, Jordan and elsewhere? Mr. Hanson Baldwin, writing in the New York *Times* on July 16, had this to say:

> Their mere presence—

That is the mere presence of the United States forces.

> —in Lebanon will be to Arab nationalists like a red rag to a bull—it will do more than any other event since the Port Said attack to knit together Arab nationalists throughout the Middle East and to inflame them . . . the forces of Arab nationalism, symbolized by President Gamal Abdel Nasser of Egypt, will ultimately be strengthened—not weakened—by the United States action.

The London *Economist* gave expression to the same thought in a recent edition, and then there is another question that these governments must now be asking themselves. What about the security of the oil pipe lines if popular passions against western intervention should boil over?

However, the most important question of all is what should we do about the situation generally. I was glad to hear the minister say this morning that it is now time to look ahead and perhaps, in attempting to answer the question "What should we do about it?", we are looking ahead. My own effort to answer the question is as follows. I suggest we should recognize that the present situation in the Middle East is very much to the liking of Mr. Khrushchev of the Soviet union, who must be very happy at this western intervention since its major result may well be to stir up anti-western feeling, and who benefits most by this feeling in any part of the world. In that sense perhaps this kind of action is really playing the Russian game. I suggest that Mr. Khrushchev, in spite of all his recent words, may not have any great desire to see the United States and the United Kingdom leave these countries. I believe, however, that he has a very great desire to secure the maximum propaganda out of their being there.

I submit that the second aspect, the second phase of the policy we should adopt, which follows from my answer to the first question, is the withdrawal as soon as possible from these countries by the United Kingdom and the United States, in accordance with the desire they have themselves expressed. However, as we all know it is much easier to land troops in an emergency than it is to withdraw them, and sometimes it is not easy to avoid getting enmeshed even further than was originally intended.

This is where the United Nations comes in, and I am glad to see that that organization is playing its part. The United Nations could help make possible the withdrawal of these forces, which is the desire of the two governments concerned, and perhaps this assistance can now be obtained. It is going to be difficult to negotiate in the security council, as my hon. friend knows, because of the veto used by the Russians with respect to action in that council. Assistance may be obtained, however, through a summit meeting, although a good deal of confusion seems to now be developing over the calling and the composition of such a meeting. It was only a few days ago that we discussed this matter in this house, when Mr. Khrushchev issued his invitation to discuss the Middle East question at a summit meeting.

It seems to me that this was a suggestion which the two powers most concerned, Great Britain and the United States, should have taken up at once, especially in so far as the terms put forward by Mr. Khrushchev regarding the composition were concerned, although they certainly could not have accepted the form of the invitation which was, to say the least, offensive in character. Surely, however, they could have replied at once that the invitation was acceptable in the sense that the four powers and the secretary general should meet, and meet quickly, and that the meeting should be held under the auspices of the security council.

I personally felt at that time, and I still feel—even more so in the light of developments in the last day or two—that it would have been a good thing for the security council to have been called together at once. They could have set up a committee of the council to consist of the four countries plus India and the secretary general of the United Nations, as mentioned in the invitation of Mr. Khrushchev. Under the chairmanship of the secretary general that committee could have commenced work right away in any place recommended or chosen by the secretary general, with the agreement of the governments concerned. He may well have chosen, although of course I do not know this, Geneva; and while it is not possible for any summit conference to be held without a good deal of publicity, perhaps there might be a little less publicity in Geneva than on the east side of New York.

I do feel, even more strongly than I did a few days ago, that the represention put forward by Mr. Khrushchev for this meeting was a very advantageous one from the point of view of the west, because of its inclusion of the United Kingdom, the United States, France, India—a member of the commonwealth—and the secretary general. I suggest we are now getting away from that sort of clear-cut composition. The press reports would indicate that there is a good deal of manoeuvring going on, not only as to where the meeting should be held but also as to who should attend. Perhaps a solution will be found in a full meeting of the security council, with additional countries invited who have special interests in the problem, as Mr. Khrushchev has suggested, and after a first or second meeting at the summit in the security council in New York perhaps then the countries which were originally mentioned by Mr. Khrushchev might meet under the chairmanship of the secretary general in private sessions, as indeed was the practice during the Suez discussions at New York I think three years ago this summer.

But I cannot myself feel too optimistic about a full meeting of the security council to discuss Middle Eastern matters in this tense and excitable atmosphere with additional governments invited, as Mr. Khrushchev has suggested, to a number not yet determined; a meeting to be held in New York in public in the United Nations. I am

afraid it will be difficult to avoid that kind of public meeting becoming an instrument merely of propaganda.

Mr. Walter Lippmann, who is a pretty wise commentator on these matters, I think, had this to say this morning in his column in the Montreal *Gazette*:

> As things stand at this moment, the notion of a summit meeting in the heart of New York city has the characteristic of one of those nightmares in which one feels compelled to do what one desperately does not want to do.
>
> At this time, a public confrontation between Eisenhower and Khrushchev would be a ghastly spectacle, almost certain to poison the air still further with charges and counter-charges.

I do not think we have to be as pessimistic as that but I do hope, and I feel certain my hope is shared by the government, that if this meeting takes place in the full security council in New York, then advantage will be taken at the earliest opportunity of arranging small and confidential meetings of those most concerned to be held under the auspices of the secretary general himself.

There are two other questions to be considered with regard to policy in the Middle East. After withdrawal, the United Nations I think should move in, if the circumstances require it, and if authority can be secured from the security council, or if not from the United Nations assembly. In referring to moving in I do not want to be too dogmatic as to how it should be done. One way would be by a United Nations emergency force, but another would be the way pointed out by the minister this morning, by strengthening the existing United Nations observer group to a point where it might be able to exercise a pacifying and stabilizing influence in the country in which it is operating.

We on this side heard with much satisfaction the statement of the minister to the effect that the government is prepared to support to the fullest extent action to strengthen that group of United Nations observers. It is encouraging to read in the press that the secretary general, without requiring a further resolution from the security council, has already taken advantage of an earlier resolution to strengthen the observer group. This constitutes another debt we owe to a man of exceptional quality, integrity and ability, the secretary general of the United Nations.

What we have been going through during the last two or three weeks—and I mentioned this earlier in my statement, before lunch—has served to underline and emphasize the necessity of a permanent United Nations emergency force. I do not mean by that 20,000 or 25,000 soldiers in a camp of their own in some country chosen for that purpose. I mean a force consisting of contingents earmarked and available for service at the request of the United Nations authorities; ready to serve at a moment's notice, forces earmarked by other than permanent members of the security council that would be kept available in their own country for such United Nations service.

Mr. Diefenbaker: Would the hon. gentleman permit a question. He had his experience over the years at the United Nations. Was not that very thing attempted on several occasions, and was it not discontinued because of the fact that it was impossible of attainment? I am not attempting to throw cold water on the suggestion, because I believe in it myself, but I ask the hon. gentleman how that could be achieved in the face of the veto situation.

Mr. Pearson: As the Prime Minister has pointed out, Mr. Speaker, it was attempted more than once. It was attempted under the provisions of the charter which provide for an international force under the security council. The Prime Minister will remember that at the very beginning of the United Nations an international staff of the permanent members of the security council was set up.

Mr. Martin (Essex East): Under article 43.

Mr. Pearson: Under article 43 of the charter, as my hon. friend mentions. I think that this permanent military staff is still in existence, nominally, and I am not sure that it does not even meet once a month or so. It consists of military officers from permanent members of the council. It was frustrated from the beginning by the failure of those members of the council to agree on anything, let alone building up force behind the charter. While it became clear over the years that it could not be done in that way, the Prime Minister will recall that during the Korean crisis the first steps were taken by which the assembly could move in to organize forces when the security council was paralysed by the veto. That was done by an assembly resolution which was called the "Uniting for Peace" resolution. That was the resolution used during the Suez crisis to build up on an ad hoc basis a force which I believe was of assistance and which I believe is still doing good service in that part of the world.

That was done under emergency conditions. The Prime Minister will remember that within 48 hours of the resolution of the United Nations assembly authorizing the creation of this force, the force was formally in existence, and within 72 hours the first members of the force were on the job. But surely we

should not rely on that kind of thing in an emergency. Surely it would be better using the assembly resolution for this purpose, if we cannot do it through the security council, to set up in the countries concerned —and they would have to be the non-permanent members of the security council, omitting the big powers—contingents which would be available for this kind of service if the assembly or the security council requested it; which would be organized for that purpose and which could move into action without delay.

I know that this has been attempted in the last year. I think it was brought up at the last assembly. I am not in a position to criticize anyone because it has not been done, for we have all been trying to do it. But perhaps this second demonstration in an international crisis of the value of this kind of police organism in permanent existence will give us now more chance of success in following the matter up at the next assembly than we had at previous assemblies. That is all I am putting forward at this time.

Mr. Churchill: Mr. Speaker, on that point would the hon. gentleman permit a question. The hon. gentleman used the expression "move into action". Did he mean into military action, or would he care to change that expression?

Mr. Pearson: No, Mr. Speaker; that was perhaps a careless expression. I meant that it could be moved into police and supervisory action. I know perhaps as well as most hon. members of the house the limitation of this kind of force and indeed the limitation of this kind of action. This force would be of no value at all as a military force in the normal sense. It could not stand up against a big or a middle power. If there were a dispute between the big powers this force would be futile. But as a police force operating as it did in Palestine, and operating as it might in the Middle East now under the authority of the United Nations for police purposes, it might be of great value. All I am suggesting is that if it has any possible value of that kind, that value would be very greatly increased by having the force ready to go into this kind of action when required.

But more important perhaps than the questions I have brought up as to the future policy toward this area is the necessity of following up this immediate crisis by some kind of economic and political solution for problems of the whole area, and I was delighted to hear the minister express that thought this morning. Withdrawal and perhaps replacement by a United Nations police force will not be enough unless we do something about the political and economic difficulties that brought about the situation in the first place.

I recall very well and with a tragic memory that while in the Suez crisis we may have succeeded in producing a United Nations police force which was of help in that crisis, we failed in our major objective, which was to take advantage of that atmosphere of crisis and do something about the political and economic difficulties between Israel and her neighbours which brought about the crisis in the first place. We did nothing on that front; therefore we did not succeed there even though we may have succeeded in the more limited field of preventing the conflict spreading.

We hope we will not make that mistake this time. I know how easy it will be to make such a mistake after the immediate crisis is solved, but I hope that this time the west will try to work out on a firm and permanent basis its relations with those nationalist forces in that area I have been talking about. I believe that for this purpose the west—and I am thinking of the United States, the United Kingdom and France particularly—must base their relations with those countries on the acceptance of Arab nationalism and of the United Arab Republic; must try to bring about as much co-operation as possible with those forces; try to remove the suspicions which have been engendered over the past and which are not by any means all the fault of the west. They must accept the realities of the present and base their policy on the fact that the nineteenth century is dead and is not likely to return.

I suggest something else, and this is going to be even more difficult politically; that our policy in the Middle East in the future must recognize that the U.S.S.R. has both interest and power in that area. Indeed its power in that area is far greater than that which could be produced in the west to bear upon the problems of that area at any given time. I think we must all be very conscious of the fact that while there are 10,000 United States marines in Lebanon and two or three British paratroop battalions in Jordan, there are 23 Soviet divisions, it is reported, strung along the Iran-Turkish border. Therefore it is idle to pretend the Soviet union need only be tolerating that area. It is also idle to deny the fact that the Soviet union has very real interests in that area which perhaps should be recognized.

The minister said this morning that one of the happy developments of recent years, and a development which might be applied to the Middle East, was the successful operation of the international commissions in Indo-China.

I agree with him, though I also agree with him when he said the time has come to wind up the activities of two of those commissions in the way he mentioned. But he himself also said—and it is an important fact—that in that operation in Indo-China one of the three members of each commission was from a communist state. While it is true that it is a state which is making moves toward communist nationalism, yet at the time it was appointed it was pretty close to the foreign policy and the defence policy of Russia. That was recognized at that time and I was at the Geneva conference when it was accepted that there could be no settlement of the kind desired in Indo-China without a recognition of the participation of the communist world in that settlement. It was done, and the results have not been too bad.

Perhaps if we are going to have a final economic and political settlement in the Middle East we will have to recognize in some appropriate way the interest of the Soviet in that settlement. Perhaps the best way to do that would be to bring any political and economic aid scheme—the minister mentioned it this morning—into the United Nations; a Marshall plan, if you want to call it that, for the Middle East but administered by the United Nations, where perhaps Soviet participation will be less open to exploitation than if it were done in any other way. Indeed they may not wish to participate at all in that kind of plan.

Then finally Mr. Speaker—it will be an important phase of our policy in this area in the future—that we have to continue in the west to give support to Israel's right to a secure national existence. We have got to do more than that with Israel's co-operation and assistance. We have to think of some way of liquidating the Arab refugee problem.

This is a very sketchy outline of the basis of our policy in the Middle East, a policy which I think provides the best hope of strengthening legitimate western influence and strength in that area and at the same time strengthening the chances of peace and security.

The alternative is the pursuit of power politics without sufficient power, or at least sufficient power in the face of the hostility of another and nearer great power which can bring more power to bear on that particular area. That is one alternative, and I certainly hope we will not follow it. But an even worse alternative than that, perhaps, is a policy of drift and uncertainty; of trying to pursue contradictory aims and trying to execute those contradictory aims in a half-hearted and confused way. I suggest the policy which I have ventured to outline in brief is one of realism and common sense, and one which the west should pursue at this time.

Now, Mr. Speaker, I had hoped to deal with a good many other subjects, but I do not want to take up all the time of the house on this debate. I probably will have another opportunity to discuss these matters. I was going to talk about NATO and its importance in many things, and particularly in this Middle East crisis. I was glad to read in the press this morning that the NATO council is meeting today, as it has been meeting in recent days, to consider developments in the Middle East. It is of the greatest possible importance to strengthen political co-operation through the NATO council not only in the area covered by NATO but in the areas contiguous to the NATO countries which are of vital importance to them.

I also suggest that political co-operation in NATO requires a solution of the difficulties between its members with special interest in the Middle East. Something must be done, for instance to halt the growing bitterness and enmity between the two NATO countries, Turkey and Greece. I have stated a good many times, my view that a military and defence foundation for NATO is not enough, indeed it is necessary now as it was never necessary before to make progress in the field of economic and political co-operation.

Then, Mr. Speaker, there is the most important question of all, and this concerns not merely the Middle East, which is a reflection of the importance of this general question. What can we do at this time to ease tensions and remove or diminish some of the dangers of war? The minister touched upon the matter this morning, but it really deserves far more time than we can give to it in a debate of this kind. But I suggest, however, as I have suggested many times, that we should not allow the crises of the moment to prevent us continuing to seek solutions of our problems with the Soviet union through diplomatic and political channels. We should not only keep our defence strong—we have to do that, though it is a little difficult these days to know what kind of defence should be kept—but we have to keep our diplomacy enlightened and imaginative and vigorous.

The fact that we all feel—and I think we have felt it more in the last two weeks than for quite a long time—the fear of what we call in diplomacy brinkmanship should not obscure the fact that even without that kind of diplomacy, even without those tactics which at times may worry us, even without brinkmanship, we remain on the brink of

extinction. This is true because of the developments in nuclear warfare, because of the piling up of weapons of mass destruction which if they are ever used can make life on this planet impossible. We do not need brinkmanship to emphasize that we are indeed on the brink of that kind of extinction if we allow diplomacy to degenerate into conflict or the world to slide into general war, which is perhaps the only way we will get in. We have existed in this way now for more than 10 years.

We have existed in a world which is bedevilled by a combination, as I have put it before, of hate and hydrogen, of fear and ferocity. That combination still overhangs our life. Our policy surely in this country, and in all free countries, must be to bring about the replacement of that kind of thing by some form of security, on the basis at least of mutual toleration, if we cannot do any better than that, between those who must coexist but cannot co-operate, plus—and this is equally important—closer and closer co-operation between those states which can and must work together for their very survival. That, I suggest to the house, is the only policy that makes sense today. We are all proud as Canadians to know that Canada has played, and I am sure is playing and will continue to play, a good and proud part in the pursuit of that policy. Perhaps I know as well as most Canadians how terribly difficult this part is, how exhausting at times it is and, as I said at the beginning of my statement and as the minister must have found, —how frustrating it often is. At times it seems so much easier to fall back into our foxholes, into our national trenches, to dig ourselves in there and wait for what may happen. Movement is hard and at times we wonder where we are going; or if we are going anywhere. We reach a green pasture and we find that there is a greener pasture beyond. We scale a peak and we find a higher one barring the way. As a poet puts it, "We are forever climbing the ever-mounting slope". But I know all members of the house will agree with me when I say that is no reason for giving up but is a reason for continuing to climb.

I know the house will also agree with me when I say that in this search for peace in a better world all members of the house, irrespective of the party to which they may belong, as indeed all Canadians, will be happy and proud to work together.

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, this is without doubt an important day in the present session. An opportunity is accorded for the free expression of the views of members with respect to international affairs and the crises that face our country and all countries of the world. It is to me, of course, a very unexpected and unusual experience to have to follow the Secretary of State for External Affairs (Mr. Smith) of the present government and the secretary of state for external affairs of the previous government. I am the first one to admit, sir, that I do not know the intricacies and strategies of inner diplomacy as they must be known by the two previous speakers because of the present position of the Secretary of State for External Affairs and the past experience of the Leader of the Opposition (Mr. Pearson).

Therefore it follows that I do not intend to go into the intricate details of strategy or policy, but I do welcome this opportunity to put forward a few general thoughts from the viewpoint of a layman. I feel quite certain that in taking part in the first discussion of external affairs this session we can all start from the same fundamental belief, namely that nobody wants to see another world war. On that premise we have to consider developments as they occur.

In the present century the major countries of the world have seen two world wars in which countless billions of dollars in productive effort have been expended in the holocaust of war. In addition millions of men, women and children have either died or been mutilated. No one wants to see that happen again, and in saying that we have particular reference to the scientific and technological developments of recent years from which it is known by all that a third world war could possibly mean the annihilation of civilization as we understand it at the present time.

This leads me to make the observation that a world war can start from a spark in international relations in the same way as a catastrophic fire. In my own province of British Columbia right now there are almost one million acres on fire, a fire that could have started from a bolt of lightning, a carelessly thrown match or a cigarette that was not put out. So it is in war. Officially at least the first world war started because an archduke was assassinated. Officially at least the second world war started because of the aggression of one country, because of the insanity of one man.

That leads us, therefore, to the realization that as nobody wants to see another world war, very close attention must be paid to international affairs and relationships to see that with modern weapons, technology and science no spark occurs to lead the world into a conflagration which could mean the end of civilization. If that is accepted, and I think logically it may well be, we have to approach our external affairs and relationships not only on the basis of day to day

developments but on the basis of what has given rise to these developments.

There may be those who will not agree with me, which is understandable, but I quite honestly feel that if we are truly going to play our part and take every possible action to preserve peace we must understand what gives rise to certain actions by certain countries. In the past few years our major troubles have developed in the Middle East.

I have not yet seen any factual denial that even in connection with the Suez crisis it was not a matter of country against country but was a matter of the protection of oil interests. In these past few weeks we have again seen a Middle East crisis. I believe it would mean a great deal if we could be told whether or not the armed intervention was on an anti-communist basis or for the protection of certain oil interests. Personally, I am not going to state any conclusion, but I do consider this something upon which there has not been any government consideration or public answer.

I am convinced that nobody wants war. We can make the definite statement that Canada does not want war, nor do I believe that any of the western democracies want war. In view of that fact, I am led to ask if Canada could not play a greater part in advising on the present international crisis? We recognize that Canada is not a major power in the world but it is, if I can use the terms, a middle power. It is my definite belief that because Canada at no time has had imperialistic or colonial ambitions, and because of its economic strength Canada could play a most significant role in these very critical days.

When this present Middle East crisis developed I will say I was most disappointed in the first pronouncements that were made by this government. I interpreted them, and I think the majority of the press across Canada interpreted the statements as unqualified support of United States policy. I hasten to add that it was with appreciation and gratitude that, in very short order, we did see leadership and direction coming from the government, and not a supine following of the United States. There was a recognition of the seriousness of the situation, and very definite representations to deal with the crisis. Personally, I feel proud of the direction that was given after the first pronouncement, and I hope that direction may have had some effect upon the developments of recent days and the changed policies. The result has been that Canada has given some leadership on the calling of a summit meeting.

I listened very intently to the Secretary of State for External Affairs (Mr. Smith) in what he had to say today, but I have one regret. He failed to give to this house any indication of how strong a position Canada is going to take in view of the recent pronouncements made by, or on behalf of, the President of the United States. We in this corner of the house believed even up until yesterday that some country of the western world had to speak very clearly and bluntly to the United States about its foreign policy with regard to the present Middle East situation. Personally, I cannot understand why, if we truly believe that our economy is the best in the world, that our democracy is the best, we are afraid—when I say "we" I mean as western democratic powers—to meet with anybody else in this world face to face. Quite honestly, Mr. Speaker, I think that the prestige, the influence of the free powers has slipped within the past few days if what appears in the press is correct. According to press reports the government of the United States is disturbed that Khrushchev has accepted the invitation to a summit meeting in New York. There are statements, and perhaps we will have more information about them, that they fear Khrushchev would use such a meeting for propaganda purposes.

I am not going to go into any more detail about that, Mr. Speaker, except to say that if we believe in our way of life, if we believe in our democratic system, then we need have no fear of meeting the leader of any country, any time, anywhere, especially if it may be the basis upon which some agreement may be reached to settle the present mid-eastern crisis and prevent a conflict that could possibly lead to a third world war.

This is a general discussion on external affairs, so may I add this. I know it is of importance to the Prime Minister (Mr. Diefenbaker) and the Secretary of State for External Affairs, but I direct my remarks in particular to the Prime Minister: I am not in any way derogatory of efforts made by his government or the previous government towards the cessation of nuclear tests or on behalf of world disarmament. But I should like, on behalf of the group in this corner of the house, to ask if still greater emphasis could not be put upon the efforts of the Prime Minister, the Secretary of State for External Affairs as between their counterparts in other governments, in the United Nations security council, the United Nations general assembly and special committees, to drive home the absolute essentiality of the cessation of nuclear tests for war purposes and disarmament if we are to avoid another world war.

We must be honest at all times. Today we have a world armament race; you can call it a defence against another country but the

other country is saying the same thing. So whilst we work on defence, we also work on offence. I think the history of the world proves that if you build weapons of offence and defence, eventually you use them. As I said before, I am saying nothing derogatory on what the Prime Minister has worked for in the past. I am just asking that in following up—and I am certain the direction has come from the Prime Minister in the present Middle East crisis—that additional emphasis be placed along the lines which I have just suggested.

We in this group completely agree—and we emphasize this point—that you cannot sit on the fence or play both ends against the middle. The western powers agree on collective security or they do not. We believe in collective security. If we are going to have collective security in the democratic countries it must not be broken down or betrayed. That is why in this house and in our convention which is still going on in Montreal we have expressed our regrets and our condemnation of the countries—yes, of the United States to the south of us and the United Kingdom in which I was born—taking independent action in the landing of troops of their own volition without going through the collective security agency which we are trying to build up, which we support and in which we are all partners. If the United Nations general assembly means anything or if the United Nations security council means anything and if it is going to have a proper respect in this world, it must be because those who are partners in it follow through on collective action. Anything else is not only a betrayal of the meaning of collective security but is making a gift of a propaganda weapon and putting it in the hands of those who we are told are our enemies and who will use it to best advantage.

Mr. Speaker, I said just a few words this afternoon about the exigencies of absence. Very often the Prime Minister, because of the responsibilities of his office, is obliged to be away. We all understand that. Various cabinet ministers, because of their responsibilities and the exigencies of their offices, also are obliged to be away. Private members also very often are obliged to be away. We in our group find ourselves in a similar position because our biennial convention is being held this week and, as I think you will all understand, it is rather important that some M.P.'s be at that convention to discuss national and international politics. Unfortunately, I was not able to be there. However, learning that certain members were not able to return in time for this discussion this afternoon, I was on the telephone for about 30 minutes speaking to a colleague in Montreal in between the lunch hour and now. We are a democratic party and hold a democratic convention representative of our movement across the length and breadth of Canada. I said, "I am going to have to speak this afternoon. What is the viewpoint of the national convention representative of our movement all across Canada with regard to the present situation?"

Mr. McCleave: Are you asking for the party line?

Mr. Winch: No. I asked for the democratic decision of our representatives from all across Canada.

Mr. McCleave: Are you asking somebody else to tell you?

Mr. Winch: I have been talking here completely extemporaneously. I have not a solitary note. But knowing the kind of thinking that some people do, having expressed myself completely without a solitary note I thought I should give you the decision of our democratic movement; and that will show you up, my friend. This resolution was passed by our movement:

> The present crisis in the Middle East is a direct result of the failure of the western powers to evolve a constructive policy based on the legitimate aspirations of the Arab peoples for freedom from outside domination and for social and economic advances and the legitimate aspirations of the people of Israel for a durable and viable peace with their Arab neighbours.
>
> It is also the result of the deliberate subversion of these aspirations by ambitious men and forces both within and without the Middle East.
>
> The C.C.F. has always opposed militarism and totalitarianism in all their forms. It has always censured military intervention whether it be in Hungary, Poland, Suez, Lebanon, Jordan or elsewhere.
>
> It has always urged and urges today that international police action should be undertaken only through the United Nations if peace is to be achieved.
>
> This convention of the C.C.F. therefore condemns the military intervention of the American and British governments in Lebanon and Jordan.
>
> It also censures our own Canadian government which, in the initial stages at least, condoned and supported an action which was clearly an irresponsible risk of nuclear war.
>
> However, the very urgency of the crisis gives the nations of the world an opportunity to lay the foundations of a permanent peace in the area along the following lines:
>
> 1. The American and British forces should be withdrawn immediately, and replaced, if necessary, by a United Nations force composed of nationals of other than the major powers.
>
> 2. In the meantime, all the great powers, as well as the neighbouring states stay out of Iraq.
>
> 3. An immediate meeting at the summit should be held preferably through the United Nations to work out solutions not only for the present crisis, but for the economic and political problems in the area which present a constant threat to the peace of the world.

4. A guarantee by the United Nations, to which the great powers are collectively committed, of all the nations in the area, including the state of Israel, against aggressive action.

5. In order that conditions permitting lasting peace in the Middle East can be established, oil resources should be transferred in a peaceful and orderly fashion to the ownership and control of the Arab peoples and to this end the United Nations should offer to establish an international Middle East development commission, to assist the economic development of the area and ensure the raising of living standards for the people of these areas. Only such a broad and constructive approach to the problems of the area can end the legacy of hatred and dangers that threatens to engulf the whole world.

This convention therefore demands—

They say demand but I say request, sir.

—that the government of Canada pursue these policies unequivocally and vigorously at the United Nations and seek to unite all middle and small powers in a determined effort to achieve a peaceful and constructive settlement of the perilous situation in the Middle East.

I had a very good reason, Mr. Speaker, for wanting to place on the record at this time a decision made only within recent hours at the national convention of the C.C.F. This was because on the occasion of another debate in this house, when we were discussing national and international affairs, some hon. members, including the Prime Minister—as a matter of fact it was the Prime Minister who raised the issue and said that I and other members were saying something different to what had been passed at a provincial convention. This was when we were discussing NORAD and the Prime Minister read a news report with a good deal of relish. I do not blame him, for it was good politics. But I am a federal member, we are all federal members, in this house, and in the Prime Minister's party and in that of the Liberals and also among ourselves there are differences of opinion in localities and provinces, but national and international policy is laid down in the C.C.F. by a national convention. This is the national convention policy on the issue which we now face and I give it to the house unequivocally.

I am now about to draw my remarks to a close. I am sure the Prime Minister knows the importance of this matter but I wish to commend to his attention the fact—and this I wish to emphasize—that Canada can exercise great influence and leadership but that the guidance must come from the Prime Minister himself through, of course, his ministers. I think upon consideration he will agree that emphasis would not be misplaced on the banning of nuclear tests and the working towards disarmament in this crisis or in any future one. That action should not be taken by individual countries but only under the United Nations as a collective action when it is found to be necessary in the interest of the maintenance of peace. Forces should not, moreover, be landed in any country in the uniform of any particular nation but only under the aegis of the United Nations emergency force.

The Prime Minister and I, belonging as we do to different parties, perhaps have a different outlook on fundamental philosophy, politically speaking, but we have had two world wars in our time and nobody wants another. It is unfortunate that power politics are being played by two great nations but it is my belief that this country, small as it may be, might nevertheless be able by its sense of direction and sanity to maintain peace throughout the world. I am but one of a group of eight members in this house, but this is my thinking which I commend to the Prime Minister for his consideration.

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, I would like to take advantage of this debate on external affairs to report to the house on Canada's participation in a very important international gathering which took place some three or four months ago. It will not of course be on the lofty level on which this debate has so far been conducted but it will be a proud story nevertheless.

I am going to digress if I may—I feel in one way that I should not, but I cannot help but pass this observation. I am sure the house listened with interest to the statement of policy of the C.C.F., particularly because many of us recall the varieties of C.C.F. policies on international affairs over the years. Back in the thirties, particularly around 1935 to 1937, the policy of the C.C.F. was, I believe, pacifism; by 1940, after our troops had gone abroad, the policy was to withdraw them from Europe and to sell our goods to both sides and to let the imperialistic powers fight it out; but 1945 the slogan was "Vote for the C.C.F. and help win the war". The varieties and shifts in C.C.F. policy will make one of the most interesting studies in Canada's history when the time comes some day to write the story of the rise and fall of this party.

My story today, however, deals with the international conference on the law of the sea held at the European headquarters of the United Nations in Geneva between February 24 and April 28 of this year. Sometimes in our preoccupation with the high principles and great hopes of the peoples of the world for the achievement of a family of nations living at peace with one another we forget the ordinary workaday procedures of the many hundreds of delegates and representatives of various countries who work, without the bright lights of publicity upon their

efforts, and yet move steadily forward in man's progress towards a more peaceful state. This report is a record of one of the more prosaic but none the less tangible steps forward made by mankind in its long and slow progress towards a peaceful civilization.

This conference is one of the most significant of international conferences of recent years and one that has achieved far-reaching results. It is true that much more was heard of the failure of the conference to reach agreement on the matter of fishing limits and the breadth of the territorial seas but may I remind the house and the nation that this was merely one article of 73. One hardly ever hears of the articles passed and which became part of international law, but this conference dealt with problems which were very complex and which had a tremendous range of conflicting interests, namely those of 86 different nations. In order to achieve any sort of agreement with so much complexity and among so many nations is in itself a very substantial achievement.

It will, I know, be a source of satisfaction to hon. members on all sides of the house to learn that during the deliberations the Canadian delegation played a leading role and its contribution, throughout the nine weeks of the conference, will long be remembered as one of the outstanding features of the conference. A good deal of the credit for this must go to the Honourable George Drew who gave such vigorous and imaginative leadership to the Canadian delegation and to the able and devoted team of officials who assisted Mr. Drew as members of that delegation. During my own brief visit to Geneva I was able to observe at first hand that Mr. Drew was regarded on all sides as one of the persons playing a very major part in the conference and one to whom the success of many of the negotiations was due.

It is worth while recalling here that the last conference of a similar type on the law of the sea was held at The Hague in 1930. It was known as The Hague codification conference. At that time some 40 nations participated and the international conference broke down on a single issue, the question of the breadth of the territorial sea. Twenty-eight years later with twice as many nations participating it seems rather significant that this same obstacle to agreement did not bring the conference to failure. The significant thing is that the participants achieved many things that went far beyond anything achieved in the whole history of international law since mankind first began to keep its history.

Specifically, the conference produced four international conventions as well as a protocol providing for the judicial settlement of disputes. These four conventions were (1) a convention on the high seas; (2) a convention on fishing and the conservation of the living resources of the high seas; (3) a convention on the continental shelf; and (4) a convention on the territorial sea and contiguous zone. It was on April 29 that Mr. Drew signed these conventions on behalf of Canada as well as the protocol on the settlement of disputes and the final act of the conference. I might say that Canada was the first nation to sign all six of the instruments embodying the results of the conference. The four conventions and the protocol on the settlement of disputes are, of course, subject to ratification by the government of Canada and will not enter into force until ratified by at least 22 nations. Copies of these conventions have already been tabled by the Secretary of State for External Affairs (Mr. Smith) and are reported in *Votes and Proceedings* of July 15.

Before dealing in more detail with the conventions and their significance to Canada it might be of interest to provide a little background on the events leading up to the conference and the method of work adopted by the conference. The conference was called as a result of a resolution by the general assembly of the United Nations on February 21, 1957—Resolution 1105X1. It grew out of the studies and recommendations made over the years by the international law commission of the United Nations which had been meeting since the initial formation of the United Nations in 1946. The commission had given very intensive study to all aspects of maritime law and then produced an extremely comprehensive report. It provided for 73 articles and was a compilation of all the rules of the sea which have been adopted over the years by the various nations. These 73 recommendations or rules have two different aspects to them. On the one hand they sought to codify all existing international law where there was already in existence extensive practice, precedent and doctrine. Then, on the other hand, they were concerned with the progressive development of international law on matters such as the continental shelf that were as yet largely unregulated because 30 years ago at The Hague conference they hardly thought of such a thing. And then, in addition, the conference was asked by the general assembly to consider a matter not included within the compass of the international law commission report the question of access to the sea by landlocked countries.

After a brief plenary session the conference resolved itself into five committees of the whole, each of which was charged with the

consideration of a group of related articles. The results of the committees' work were considered in the final plenary sessions during the last week of the conference. The committees and the subject matter referred to each were as follows: committee I, the territorial sea and contiguous zone, and specifically articles 1 to 25 and article 66 of the original I.L.C. report; committee II, the high seas, general regime, and specifically articles 26 to 48 and 61 to 65; committee III, the high seas, fishing, and specifically articles 48 to 60; committee IV, the continental shelf, and specifically articles 67 to 73; and committee V, access to the sea of landlocked countries. That was a new subject to be discussed at the conference itself. It will be seen that the breakdown of the conference into these five committees follows in general the subjects of the conventions I have already listed.

It may be of interest at this point to comment briefly on some of the results of the conference which were of particular significance to Canada. In commenting on this I might point out that for the first time in history there is now an international agreement on the continental shelf. I mention this first because it is usually lost sight of because this subject was uneventful in terms of news coverage and as far as producing quarrels or differences is concerned.

The continental shelf convention gives to the coastal state sovereign rights over the exploration and exploitation of the natural resources of the sea bed and subsoil off its coast out to a depth of 200 meters. It also provides that these rights may be exercised beyond that depth if the exploitation of the resources is a practical possibility. In the long term, this agreement may have consequences of far-reaching importance to Canada in the development of underwater oil and mineral resources. It means, in effect, a very substantial addition to the potential area of Canada's natural resources. Those who have followed with interest the development of techniques in the exploration of resources know that we can drill for oil at depths of 1,500 feet under the surface of the sea.

It is not without significance that it was a proposal put forward by Canada in committee IV that led to the adoption of the convention on the continental shelf nor is it without significance that it was a Canadian proposal to the final plenary session that led to a prohibition against reservations to the three main substantive articles in the convention. To have permitted these reservations might have undermined the whole purpose of the convention. Finally, it was not without significance that it was Canada which proposed that this convention should enter into force when signed by 22 nations instead of 50 as proposed by another power.

The second convention dealt with fishing and the conservation of the living resources of the high seas. The convention on high seas fishing is the first such general convention regulating high seas fishing and it accords well with Canadian interests. It recognizes the special interest of the coastal state in maintaining the productivity of the living resources of the high seas in areas adjacent to its territorial sea. It also entitles the coastal state to take part on an equal footing in any system of research or regulation for purposes of conservation in that area even though its own nationals may not carry on fishing there. To all people who understand the importance of fishing to underdeveloped countries, the significance of this particular article is self-evident. Further, it provides that when conservation measures in the high seas have been adopted by a coastal state, they must be observed by fishermen from other countries. And then finally, under emergency circumstances, coastal states may unilaterally enact the necessary conservation measures on the high seas.

The third important feature to Canada was the question of straight base lines and bays. To those of us who live in the island portions of Canada the fact that our coastline is very irregular hardly comes to our attention but in trying to define territorial waters the sinuosity of our coastline is a matter that gives us considerable concern and therefore these regulations in this regard, as drafted and codified by this international law of the sea, are very important to the future of our country.

In the convention on the territorial sea and the contiguous zone, article 4 provides that where the coast is deeply indented the method of drawing straight base lines from headland to headland may be followed in setting the boundary of the territorial sea rather than following the sinuosities of the coastline. I think the importance of that can be realized. Thirdly, our shoreline now in so far as the territorial sea is concerned is not the line of the high water mark or the low water mark; it is a line drawn from headland to headland. This provision, which reflects the 1951 decision in the well-known Anglo-Norwegian fisheries case is of particular interest to Canada because much of our coastline is deeply indented, as I have already pointed out.

In the committee stage there was a move to impose a limitation of 15 miles on straight baselines which would have had undesirable

results for us. However, action by Canada in the plenary session was successful in having this limitation removed. The conference also adopted a provision recognizing that bays with mouths of 24 miles or less are to be regarded as internal waters. This limitation would not, of course, affect bays along coasts where the baseline system is applicable.

The fourth convention deals with the general law of the high seas. The convention on the high seas has perhaps less significance for Canada than the others because, in the main, it simply codifies existing international law. It provides for the first time a systematic compilation of recognized international law on a number of important matters and seeks to ensure the maximum freedom of the high seas. This applies not only to navigation but to fishing on the high seas, flying over the high seas and such activities as the laying of submarine cables and the building of pipe lines under the high seas.

Among other things, the convention deals with such matters as the nationality of ships, safety of life at sea, the suppression of piracy and the slave trade, the right of hot pursuit in certain circumstances and the prevention of pollution of the seas by the discharge of oil or the dumping of radioactive waste. It was, Mr. Speaker, a very thorough compilation of the existing laws of the sea into a code which we now hope will be ratified by the great majority of the nations of the world.

I have referred in brief summary, Mr. Speaker, to some of the highlights of the four conventions. Now I would like to turn to the question of the breadth of the territorial sea and the related question of coastal fishing zones. It is on this subject, of course, that the publicity was given which attracted such widespread public interest. It is unfortunate in one way that this aspect of the conference's work reached so much public interest because it tended to obscure many of the more constructive achievements of the conference. I would like to give some of the background of this matter of the breadth of the territorial sea to see whether we cannot make clear what the problem is and the importance of Canada's contribution so far and what we think it can be in the future.

There has been no uniform practice, Mr. Speaker, in so far as the breadth of the territorial sea is concerned. Generally speaking, the great maritime nations have accepted and enforced the three-mile territorial sea off the coasts of the various countries of the world. Many countries for many years have had breadths of the territorial sea off their countries of more than three miles. There are countries with a four-mile territorial sea; there are several with a six-mile territorial sea and there is one with a nine-mile territorial sea—that is Mexico—and the Soviet union has a 12-mile territorial sea. Some go beyond that, even to the extent of 200 miles. This great variety of claims on the breadth of the territorial sea indicates that there is no such thing as uniformity. Generally speaking, the maritime powers have insisted on and recognized only three miles, even though there has not been any direct challenge to the countries that have territorial seas of different widths. As a matter of interest, the U.S.S.R. has a territorial sea of 12 miles, going back to the days of the Czars and it is not likely that anyone is going to challenge anything that has been in existence for over 50 years.

Having given this background, I think it is now fitting for me to point out that this problem was so complex that the international law commission did not make any definite recommendations to this general conference of the United Nations on this matter, but simply pointed out that 12 miles in its opinion was the maximum limit that they thought should exist. Now, for some time Canada has felt that a 12-mile limit was necessary to protect our fishing interests but we have recognized that an extension of the territorial sea to 12 miles might jeopardize the proper interests of those nations and those people who want to maintain freedom of the sea and freedom for air navigation. Therefore, our dilemma was, how could we reconcile the defence interests, freedom of the seas and the freedom of the air, which really requires a very narrow territorial sea, and the needs of our people on our coasts for some priority in harvesting the fish off their shores?

It is a matter of general knowledge, Mr. Speaker, that at the present time by Canadian law we have forbidden Canadian trawlers to fish within 12 miles of our coasts, and yet, because there is no international law, the trawlers from foreign nations can come inside our 12-mile limit and do fish in waters that the Canadian people do not allow Canadian trawlers to fish in. Quite frankly, we would like to reserve those first 12 miles off our shores for the people who cannot afford the big trawlers and who would like to make a living out of this band of water that they can get to and from with their limited resources as far as capital equipment is concerned.

Now, that was the problem that we faced at this conference, and this goes back for several months and years. The Canadian government proposed what became known as the Canadian proposal. This was first put

forward two years ago. Reduced to its simplest terms it was an attempt to reconcile the interests of defence, freedom of the seas and freedom of the air with the interests of the people who live in coastal states and whose living is largely dependent on the products of the sea off that coast. This Canadian proposal was very simply to have a three-mile territorial sea but to have an additional nine miles in which the coastal state would have exclusive rights for fishing. This became known in our minds at least as the three-and-nine mile proposal, three miles of territorial sea, and nine additional miles in which the littoral state would have exclusive fishing rights. At the present time under international law coastal states have certain rights in that 12-mile area with respect to sanitation, fiscal arrangements, customs arrangements and immigration and we thought we would like to extend that principle to include fishing.

I think it can be said, Mr. Speaker, that this suggestion was acceptable to Canadians generally and was supported by all political parties. During the conference the basic conflict was between those states which have fishing interests off their own coasts and those that wish to see the widest measure of freedom to secure or to maintain fishing rights in distant waters off the coasts of other counries. The Canadian suggestion of a fishing zone in which a coastal state would have the same fishing rights as in its territorial sea was an entirely new concept and from the time of its introduction by Mr. Drew at Geneva it affected profoundly the whole course of discussion. Canada played a major role throughout the discussions and negotiations on this matter and it was not for any lack of initiative or good will on the part of Mr. Drew and the Canadian delegation that the Canadian effort to achieve a satisfactory solution was not crowned with some success.

Here I might note that one of the most significant features of the conference was the importance of the position taken by Canada to the newer national states. The Canadian delegation was keenly aware of the legitimate aspirations of these newer nations which have neither traditional claims to established fishing rights in distant fishing waters nor well developed fisheries in their own offshore waters but which are looking more and more to this important source of food and income as a part of their national birthright. In plain language, Mr. Speaker, Canada took the lead among these newer national states in trying to achieve greater economic security and stability for their own people and at the same time to express the new nationalism of their people in a responsible manner. We were very keenly aware of the legitimate demands of these nations.

Our delegation enjoyed the very closest and friendliest relations with the African and Asian delegates, particularly with the very able delegates from our commonwealth partners, Sir Claude Correa from Ceylon, Mr. Bing who represented the new commonwealth nation of Ghana, Mr. Suffian from Malaya and Dr. Bhutto from Pakistan. I want to acknowledge the constructive and important contribution of the delegation from India under the leadership of Dr. Senn.

We also had occasion to work very closely with the delegation from Mexico, particularly Dr. Robles who represented that delegation on the first committee. I should like to pay a warm tribute to Prince Wan of Thailand, the president of the conference, to the able chairmen of the five main committees and in particular Professor K. G. Bailey, solicitor general of Australia, who presided over the deliberations of the first committee which dealt with the vexing problem of the breadth of the territorial sea and fishing zone.

I should like to relate to the house, if I may, an anecdote which occurred on the Friday preceding the very tense and dramatic voting on Saturday in the second last week of the conference when Mr. Dean made a very brilliant exposition of the United States proposal lasting for 45 or 50 minutes. The Hon. Mr. Drew representing the Canadian delegation spontaneously walked up to the podium without notes and, taking about 45 minutes, put forward in one of the most brilliant presentations the case of Canada and the smaller nations as opposed to those who had so-called traditional fishing claims in distant waters. Professor Bailey, the chairman, got up and told the assembled delegates that they would rarely see such a high standard of parliamentary presentation of argument as they had witnessed that day and the whole convention floor of delegates of 86 nations took time out to applaud these two very fine men.

It is my impression that the significance of the Canadian proposal, which was adopted by a simple majority vote of the committee but which did not get the necessary two-thirds majority in the plenary session, was made quite evident in spite of the bitter opposition from most of the major powers. It is my impression that the majority vote accorded the Canadian proposal in committee represents the first time in any United Nations conference that an important substantive matter has passed without the support of any of the five permanent members of the security council. I wish the house could see

the picture as I saw it with the United Kingdom, the United States, China, France and the U.S.S.R., together with all their friends over whom they have influence and exercise persuasion, massed against Canada, India, Mexico, Libya and many of the newer and younger nations reaching out for some claim to fish in the waters off their coasts. I wish hon. members could have been there to see the little nations, in spite of all the pressure of the five permanent members of the security council united on one side of a very important substantive issue, mustering a majority. I believe that is the first time the five permanent members have been defeated when they were on one side of an issue.

Although the Canadian proposal was rejected in the plenary session, a new concept of international law has been introduced which must surely be taken into account in any future consideration of this question. In the early stages of the conference the United States of America supported the Canadian proposal. Later, however, the United States delegation introduced a proposal of its own for a 6-mile territorial sea with an additional fishing zone. The fishing zone in the United States proposal, however, was not exclusive because it granted so-called traditional rights in perpetuity in the 6-mile zone.

The United Kingdom had introduced earlier a 6-mile territorial sea proposal which was in reality a 3-mile territorial sea with an additional 3-mile fishing zone. The Canadian delegation made every effort to accommodate these two important and friendly partners. As a matter of fact, it was very much because of our concern over the defence aspects so far as the United Kingdom and the United States were concerned that we originally introduced the proposal for a 3-mile territorial sea and 9-mile fishing zone instead of a straight 12-mile territorial sea.

It was very disappointing when first the United Kingdom and then the United States abandoned the 3-mile rule after we had made such efforts to accommodate them, and after this development the Canadian delegation felt justified in converting its proposal into a 6-mile territorial sea with an additional 6-mile fishing zone, the form in which it received a majority in the committee vote, in an effort to reach general agreement. Therefore, Mr. Speaker, in the final analysis the central issue before the conference was not whether there should be a fishing zone but whether it should be subject to existing traditional rights as proposed by the United States or whether it should be exclusive and without impediment as proposed by Canada.

It is quite evident that the Canadian proposal had a tremendous impact on the conference. Without this concept there would have been no hope whatever of agreement because of the basic conflict between those states interested in coastal fishing rights and those interested in maintaining the maximum freedom of the high seas. This question remains unsettled for the moment, but it has not been forgotten and is still under very active international consideration. I might point out in this connection that the conference adopted a resolution put forward by Cuba in these words:

> —to request the general assembly to study at its thirteenth session (1958) the advisability of convening a second international conference of plenipotentiaries for further consideration of the questions left unsettled by the present conference.

It is felt in New York, Mr. Speaker, that the Canadian delegation will press for a second conference to be held at the earliest possible date to carry on the consideration of this question. I think it is safe to assume that any solution ultimately arrived at will incorporate the Canadian fishing zone concept in one form or another. At any rate, the Canadian position remains that the concept of an exclusive fishing zone should be adopted, and our efforts will be directed to this end. Agreement on a regime of law is very important to us, and to all countries. Without it, conflict and disagreement are inevitable, with dangers to the peace and welfare of all countries.

I believe, Mr. Speaker, that agreement can be reached, and when it is achieved Canada will have played a significant part in reaching it. In closing, may I repeat that in spite of the fact that the questions of the territorial sea and the fishing zones have not yet been completely resolved, the conference on the law of the sea can be regarded, both from the Canadian viewpoint and from the standpoint of strengthening international relations, as a most significant milestone.

Mr. Winch: I rise on a point of order. I do this because the minister has said he is drawing to a conclusion. I have not raised the question before, and I think in this I have been considerate. I should like to know under which of the items, 85 to 111, 502 and 542 to 549 this matter comes for discussion? I deliberately waited until the minister had completed his remarks, but I should like to know under which of the items mentioned in this motion the matter to which the minister has referred can be discussed.

Mr. Hamilton (Qu'Appelle): I am not an authority on the matter of estimates, but I am sure in these estimates you will find an item covering the expenses of delegations to overseas conferences. I believe it is also the practice, during these debates on external

affairs, for ministers who have been representing their country at international conferences to take this opportunity to give a report to the house on these important conferences.

Mr. Winch: I do not deny that for one moment. I am very happy if the minister and other ministers want to do that. However, I am referring to the motion now under discussion. I feel I was very considerate in not raising the matter until now, but I do believe, sir, it should be drawn to your attention that this is a discussion of external affairs. The opportunity was provided by the government for that particular purpose. We have heard a most interesting summary from the minister but, as a point of order, I should like to know under what item contained in the motion the minister can discuss this subject?

Mr. Pearson: On the point of order, surely it is the practice in the house, under the first item of the estimates of a department, to have a general discussion of any item of international affairs. Surely, then, it is in order for the minister to discuss any international conference under that item.

May I ask the minister, before he takes his place, two questions in connection with what he has been saying. Can he tell us whether the policy and attitude of the Soviet union in regard to the Canadian proposal for the width of the territorial sea was the same as that of the United Kingdom, the United States and France? Would he also inform the house whether the Canadian government is going to recognize the action taken unilaterally by Iceland since the conference in establishing its own jurisdiction over a 12-mile zone irrespective of the results of the conference?

Mr. Hamilton (Qu'Appelle): I do not mind dealing with these questions, because they are pertinent and should be answered.

Mr. Winch: May I ask whether or not we are going to deal now with the point of order? I should like to hear from the Secretary of State for External Affairs (Mr. Smith) as to the authority for continuing with this report.

Mr. Hamilton (Qu'Appelle): Estimate No. 90.

Mr. Deputy Speaker: I believe that on item 1 of the estimates a discussion of a general nature can take place. Naturally, it is preferable to adhere as closely as possible to matters pertaining to external affairs. I do consider that the minister's remarks have been in order to date, and I cannot rule him out of order.

[Mr. Hamilton (Qu'Appelle).]

Mr. Hamilton (Qu'Appelle): I have just about concluded. I was pointing out that in this very important part of Canada's external relations, a part that does not show on the surface, delegations do go to conferences and achieve worth-while results. I have been asked two very important questions by the Leader of the Opposition (Mr. Pearson). The first question was, what was the stand of the U.S.S.R.? At the conference the U.S.S.R. had a proposal that the width of the territorial sea should be 12 miles. Then they had an additional clause, over which the lawyers argued back and forth, which would seem to indicate that they believed the territorial sea should be 12 miles or more in certain cases. Their stand, informally, was that they would give support to the Canadian proposal, but that declaration was never made formally on the conference floor. However, countries like India and Mexico, had the definite impression that the U.S.S.R. and their satellite countries were very much in favour of guaranteeing to coastal states exclusive fishing rights for 12 miles.

Canada co-sponsored a proposal with Mexico and India, which more or less accepted the status quo by limiting the territorial sea to what nations already had in effect, and gave exclusive fishing rights up to 12 miles. When the Indians and Mexicans found out the Russians among others were not going to support this, they withdrew and our coalition fell apart. We went back to our original proposal. I might say that the attitude of the smaller nations, if I can report this accurately and I think I can, was one of intense disappointment that the U.S.S.R. position had been one thing in discussion but when the votes were down, and when it seemed possible Canada would get a two-thirds majority, they backed away from supporting us. This affected the good feeling that had existed between the U.S.S.R. and the Afro-Asian nations.

The second question deals with Iceland. We opposed at the conference the idea of any change any nation might make unilaterally, in the hope that there would be no unilateral declarations before a second conference. Since that time Iceland has declared that on September 1 she will have a 12-mile exclusive fishing zone off her territory. As you know, this has been opposed by the United Kingdom. Our stand is still the same. We do not think the answer lies in any nation unilaterally trying to establish any changes in the breadth of the territorial sea or establishing fishing rights in a larger zone, so long as there is any hope of achieving agreement through the United Nations.

Naturally enough, we would oppose such a matter being dealt with in any smaller regional groups because the subject affects nations all over the world. We have an obligation to our allies in this struggle to give to coastal nations some share of fishing off their coasts. We hope that these two civilized nations, Iceland and the United Kingdom, meeting together in some form of bilateral understanding, can resolve these differences or postpone them until they can be dealt with by the United Nations conference, which I hope will come next year.

I should like to repeat that I am quite confident, once we can get rid of the impact of these power blocs and the issue can be clearly dealt with on an economic basis that a decision can be arrived at supported by two-thirds of the nations of the world. If we can achieve some *modus vivendi* among traditional fishing countries in this period of adjustment, civilized nations dealing with this on a purely economic basis could resolve these differences. If we can achieve agreement on this article dealing with the breadth of the territorial sea and the breadth of the fishing zone off the coasts of our country, we will have achieved something that mankind has looked forward to for nearly 2,000 years.

I should like to close with a statement of my own as far as the visit to Geneva is concerned. I think I can report to the house, as can every other Canadian delegate who has been to any of these international conferences, the growing respect for Canada by people all over the world for our moderation and for the principles on which we operate. I think that we can play a great part which the United Kingdom and the United States cannot play.

Whether we like it or whether we do not, these newer nations of Africa and Asia—and to some extent this is true of the South American republics—sometimes are reluctant to rely too implicitly on the United States and the United Kingdom. To them they sometimes represent a form of something which they have been trying to get away from. At the same time these same nations in Africa and Asia do not want to come under the subjection of imperialistic power which does not give them any freedom whatsoever. They are looking for leadership of a moderate sort. In their minds Canada has no axe to grind. They feel that when we put forward a proposal that we are going to stick to the three-mile zone for the territorial sea and when we tell them why we want to support it, they tend to trust us; and when we advocate moderation on this question of the 12-mile limit they tend to follow us.

Mr. Deputy Speaker: Order. I regret to inform the Minister of Northern Affairs and National Resources that his time has expired.

Mr. Hamilton (Qu'Appelle): Thank you, Mr. Speaker. I have just one sentence more.

Mr. Martin (Essex East): Finish it.

Mr. Deputy Speaker: Is it the pleasure of the house that the minister be allowed to continue?

Some hon. Members: Agreed.

Mr. Hamilton (Qu'Appelle): I think that the long term advantages gained at this conference will not only be in the fact that our country is rising in the respect of these nations but that we are winning the battle for the minds and the hearts of men in these new nations. Particularly, with this friendship coming from India, Pakistan, Ceylon, Malaya, Ghana and these moderate Arab states who are looking to our country for leadership, I think that we should try to give it to them.

(Translation):

Mr. Jacques Flynn (Quebec South): Mr. Speaker, in rising to take part in this debate, I realize of course the responsibility if not the risk I am taking, and the house will not expect me to venture into the intricacies of the diplomatic process. I do not intend to more than bring out a few general ideas which guide, as they must, our foreign policy.

In the light of developments in these last two weeks, it is appropriate, I believe, that our Secretary of State for External Affairs (Mr. Smith) be warmly congratulated for the excellent job he has done in the interest of Canada and peace at United Nations. In my opinion, he has ably expressed Canada's position and like his predecessors, he was a credit to Canada.

The position taken by Canada in the field of foreign affairs can be expressed by two propositions. The first one, a positive proposition, is to promote understanding between all the nations and the second, a negative one, is to prevent armed conflicts and to maintain peace which is essential to the well-being of all nations.

The promotion of understanding between nations is quite in line with our belief that the state must serve the individual and not the other way around. It is in accordance with this principle, Mr. Speaker, that we have gradually come to reject the idea that international conflicts must be settled by force and by war. It is also that philosophy which made us realize the interdependence of nations and, as a consequence, the responsibility of the haves to help the have-nots.

Thus, Mr. Speaker, through the Colombo plan, through similar organizations within the United Nations and through the British Commonwealth of nations, Canada has given help to underdeveloped or economically weak countries and has continued gradually to evolve a policy of assistance to those countries. In fact, I was glad to hear this morning the Secretary of State for External Affairs refer to the gratifying results of this policy of support, of understanding and of assistance to weaker and needier nations. It is a policy of the utmost importance, one that yields better dividends, because it is calculated to ensure world peace.

However, foreign policy aimed at preventing armed conflicts runs into more serious difficulties. It becomes so much more of a problem, due to the fact that our philosophy —and I mean the philosophy of Canada as well as that of other free nations—conflicts with that of the communist countries and their satellites.

But, Mr. Speaker, whether we profess our own philosophy or that of communist countries, the progress achieved in the field of nuclear weapons forces us to extreme caution in the field of international relations, precisely because of that danger, the possibility of a nuclear war.

Undoubtedly, the small conflicts arising here and there could lead to a conflict which might mean world destruction.

The current crisis in the Middle East is extremely serious. It illustrates this ideological conflict between free nations and communist nations. Even if it is not just like the one we had in 1956—and I agree with the Leader of the Opposition (Mr. Pearson) that it is not of the same nature—I believe that both crises have resulted from the same cause and that the one led to the other. It remains, Mr. Speaker, that the situation in the Middle East is not serious simply because American troops have landed in Lebanon or because British troops are posted in Jordan, nor because there was a revolution in Iraq. It is serious mainly because all those events stem from the very strength of Arab nationalism which began to develop since the rise to power of Colonel Nasser in Egypt.

In itself, that surge of Arab nationalism would not be as threatening as it is, were it not that communist countries are using it as a pretext to move in and to substitute their influence in the Middle East to the traditional influence of France, Great Britain and the United States.

At the time of the Suez conflict, it was possible to confine that outbreak by creating a United Nations force but that force which was sent to Egypt, did not constitute an adequate solution and no doubt, at that time, great hopes were entertained that the crisis had definitely been settled. It was indeed the opinion of the Leader of the Opposition who said on March 15, 1957, I am quoting from page 2351 of *Hansard*:

> This Middle East problem has been almost continuously before the United Nations assembly since I spoke to this house on external affairs last November and that consideration by the United Nations I think has helped not only to bring the fighting to an end in that area but to prevent the conflict breaking out again or, even worse, spreading.

However, at that time there were reasons to fear that this first conflict might spread and break out elsewhere. May I be allowed to quote a statement made at the time by the then leader of the opposition, now the Prime Minister, in reply to the secretary of state for external affairs, as reported on page 2371 of *Hansard*. He said:

> First, we said that if necessary we should extend the United Nations police action to cover not only the borders between Egypt and Israel but also the borders between Israel and Lebanon, Syria and Jordan, because we believe it is of the greatest importance that peace must be maintained in that area. We asked that there be a peace treaty arrived at between Israel and the Arab states, and we know the extraordinary difficulties which lie in the road of that. We are convinced also that no matter how annoyed we may feel at certain individuals in the Middle East, no matter how angered we may be by their actions, it would be folly to let either annoyance or anger change us from a settled course. This course must be to secure a settlement in that area, through peace treaties arrived at between the opposing countries.

Now, precisely because the United Nations, at the time, failed to consider settlement of the whole problem, Arab nationalism, abetted by Russia, broke out once more, this time by way of indirect aggression. It is in the face of this indirect aggression, somewhat reminiscent of what happened before world war II, that the role of the United Nations organization becomes most ticklish.

We are a long way from the scene but surely we must be interested in the solution of this problem because today, the interdependence of free nations is an acknowledged fact. In the face of this difficult situation, what has been the policy of Canada and on what principles was it based?

Mr. Speaker, I think that it would not be hard to prove that our attitude in those circumstances has been consistent with our philosophy which rejects the settlement of conflicts by force. We have demonstrated our confidence in the United Nations. However, the United Nations is no stronger than its moral authority which, in turn, depends upon the support of all member nations. We know that this moral authority can fail when one or two great powers withhold their support

and also because, too often, the United Nations cannot apply in a practical way the authority it holds from the majority of its members. And I do believe that, if it were possible to solve the technical and practical problems involved, it would be an ideal solution to put a permanent force at the disposal of the United Nations. However, in such circumstances, there would still remain the difficulty of deciding at what time, in case of indirect aggression, this permanent force should step in.

As far as Canada is concerned, it seems to me that our policy should first be determined on the basis of unity of thought.

It is essential that we work out our international policy first on a non-partisan basis, seeking unity of thought within our country. And I believe that, in this field, the present government has continued to apply the principles applied by the former government, seeking the unity of all men of good will in the determination of our policy. I was glad to hear, last Monday, the Prime Minister thanking the Leader of the Opposition for a suggestion he had made, inviting all hon. members to present theirs and assuring them that any of their suggestions would be seriously considered by the government.

Not only should we endeavour to achieve unity of thought throughout the country, but we should also strive to achieve the same unity of thought with our allies, within the British commonwealth and the North Atlantic Treaty Organization. The British commonwealth, as a result of the diversity of nations which it includes and the diversity of economic interests of these various nations, is a body through which it is possible to work efficiently in favour of peace and understanding between nations. Within the commonwealth, precisely on account of Canada's action to which I referred a moment ago, we contribute, I think, towards greater understanding between peoples of all parts of the world. If within this organization we do achieve some unity of thought in the working out of our foreign policy, I am sure that in the United Nations we shall carry more authority over other member nations. And the situation is almost the same with regard to the North Atlantic Treaty Organization which is, of course, a defence organization. However, the latest developments, in my opinion, call for more frequent consultation between all nations belonging to that organization, in order that no unilateral action may be taken, and in order that any decision taken by one member of that body may be communicated to and approved by the others, in advance. In fact, here as well as abroad, we must promote understanding, we must try to understand others and make them understand our point of view.

Secondly, Mr. Speaker, I believe that our international policy must be realistic. It must be based on facts. Let us be guided by principles, but those principles must be applied to individual facts in all cases. Of course we have reached full nationhood, we are in a position to hammer out our own international policy, and we are doing just that. It would be naïve to contend that our decisions are merely dictated by a feeling of subservience to Great Britain or the United States.

As a matter of fact, Mr. Speaker, since reality prevents us from taking decisions based on sentimentality, the danger at the present time is rather that, due to our economic interdependence with the United States, we might be inclined to submit to their dictates.

On the other hand, even if we have reached our maturity, we should harbour no illusion as to our ability to prevent conflicts.

Canada should not repeat the mistake of the frog that would bloat itself bigger than the ox.

It is important, Mr. Speaker, that we realize that our role should be that of a mediator, of a go-between and arbiter within the British commonwealth of nations and within NATO. If we succeed in being accepted as conciliator and mediator within these two organizations, I believe that we stand a much better chance of commanding respect for our views at United Nations. I repeat, it is important that we fully realize that ours must be a personal role, but it is also important that we do not overdo it. As long as we have a proper understanding of this role, and if we are content with it, Canada, in my opinion, will be in a better position to contribute to world peace and to the well-being of nations.

(Text):

Mr. Heath Macquarrie (Queens): Mr. Speaker, it is a real pleasure to be able to have an opportunity to say a word about this subject which has evoked such great interest not only in the House of Commons but in this country. I think we have all been

much impressed in the last few days to have witnessed a part of the drama of parliament. In those recent days which were more tense than the present the Prime Minister (Mr. Diefenbaker) made his statements on the international situation and we saw evidence of a high level of mature bi-partisanship in the very friendly relationship that existed between him and the Leader of the Opposition (Mr. Pearson). I am sure we were all cheered and perhaps even a little thrilled by the drama of this wonderful democratic system of parliament.

I believe, too, that all Canadians followed with much interest and great pride the activities and actions of our distinguished Secretary of State for External Affairs (Mr. Smith) as he represented Canada—and indeed, I am sure, at many times he spoke for a certain part of the free world—in these delicate and extremely important conversations which were held in the country to the south of us last week. We are proud of him, Canada is proud of him, and rightly and justly so. This is not the first crisis to stir the Canadian parliament and to interest and arouse the people of Canada and I am sure it will not be the last.

It has been said, and it is all too sadly true, that tensions today are normal. We move from crisis to crisis. We fear perhaps that one will become an explosion with catastrophic and universal effects. Happily, I believe, we live in a world which despite all its disadvantages in this connection at least has this advantage, and that is, the boiling point is higher today than it was some years ago. The nations tolerate and accept incidents which in an earlier period would have evoked a war-like response. Although the potential for destruction is greater than before, the tolerance of the nations today at least allows for a freedom of manoeuvreability into which our statesmanship and diplomacy may flow.

It is perhaps wrong in a general debate of this kind to concentrate all our attention on recent events in one portion of the world. Therefore perhaps I might seek in a few words to present my point of view—I am proud and happy to belong to a party which allows a backbencher to express his point of view and listens to it—on a subject so important as the relationship of some of the immediate events with the general pattern of world diplomacy.

[Mr. Macquarrie.]

The whole picture of diplomacy has changed. I can remember studying geography much less than a half century ago and at that time we learned about the great powers. I think there were seven in my day. Most of them were European and certainly the great burden of responsibility rested on the continent of Europe. We used to see an arrangement of power alignments among various members of the group of great powers. For a long time that situation prevailed and the responsibility for world peace was primarily that of Europe. Throughout the outreaches of the world the great stabilizing power of the British navy was ever-present.

Those calmer, quieter days are gone forever. We now have a situation in which two leading super-powers—one quite non-European and the other as much Asiatic as European—loom on the horizon of international affairs. The relationships between these two powers in all parts of the world form an essential part of every equation in the consideration of diplomatic questions because whether we like it or not we must accept the fact that the diplomatic interests of the U.S.S.R. and of the U.S.A. are worldwide. In recent times we have seen occasions when the interests of these two great powers have come into conflict and at some times in certain sensitive areas on the periphery of soviet power we have encountered threats that were very serious, just as threatening and dangerous as the situation through which we are now passing.

We can remember shortly after the conclusion of the second world war the problem of Iran. Then, we remember also when it was in northern Greece that the two worlds were in contact, in unhappy and bloody contact. Then, it was Korea and before that it was Berlin. I remember that over the Berlin blockade there was great danger and great anxiety, and it was the masterly display of united power that brought about a solution of that very grave situation.

Then, another place was Indo-China where the two worlds met and some kind of accommodation was necessary. I suppose a very simple illustration would be for one to look at a map of the world which we see in 1958 and compare it with one for 1938. If we did that we would see one fundamental effect of diplomatic life, and that is the tremendous spatial expansion of the Soviet union. Its growth, its extension, has been phenomenal.

We remember, too, that at one time the United States had a policy which was called a policy of containment and we used to speak about the Truman doctrine. I am one of those who still believes that the doctrine of containment was a good doctrine and that the Truman policy was a good, sound and very effective policy for dealing with the new situation which had then developed. The Berlin airlift was an expression of that and was one of the great triumphs of the western world when in unity, dignity and strength we stood by our position and we won. It is very easy—and I find a great tendency in Canada to do this—to criticize the errors, the miscalculations and the blunders of the United States in recent times in the field of foreign policy. But I think it is essential for us as an ally of the United States to consider at all times some of the difficulties and some of the realities of its position and therefore of ours.

The role of the western world has been essentially defensive. We have allowed the initiative—because we had to—to lie with the Soviet union, so we never knew just where on this great area of contact the excesses of tension would break out. At the same time it requires massive power on the part of the United States to stand ever-prepared for such a situation. It also requires great efforts on the part of the United States to bring together alliances of friends in strategic areas as an important development of its own military might. Much of the activity of the United States in the last 10 years has been in the development of those two arms of defence.

The magnitude of the responsibility of the leader of the western world has been immense. There is one that I think it is proper for a group of parliamentarians to consider. It is this, that in its diplomacy the western world must operate in the framework of popular democracy and always with regard for the moral content of our diplomatic values. We can never, in our part of the world, judge any action in purely strategic or military terms.

A few years ago there was a suggestion, which never was a very serious one, that the United States, for strategic reasons, should launch a preventive war. Whether or not, even in the narrow strategic and military sense, that would have been feasible, it was utterly impossible with the sense of values we have; but yet it was not impossible for the Soviet union to take the action which it took in Hungary not long ago. It is not under the same moral restraints as a free country with ideals and ethics which its people insist upon. This cannot be forgotten. Indeed, I think it should always be remembered in our occasionally, ill-advised, perhaps sometimes ungenerous criticism.

If there is one thing I believe in, not only in the history of democracy but in the history of any political or social development, it is that it is very difficult to be dogmatic, to be certain and to be self-confident. I wish I could be as sure as some members who have spoken that the action at Suez some months ago was altogether wrong, or that I could so easily and so thoroughly condemn the attitudes of the United States and the United Kingdom when, in the first moments of flux, of uncertainty—(indeed, I think the only certain thing was that a dangerous situation existed)—and believe that that immediate action was wrong, was immoral. As I say, I cannot be sure about these things; there are too many "if's"; that we can only read back into those events in the light of the things which are possible. But, as we look forward to the summit conference, we can recognize that this, too, is a part of a continuing policy.

I am sure we all were impressed the other day when the Prime Minister referred to this country's attitude on a summit meeting and said, as reported at page 2473 of *Hansard*:

> I still believe that no nation should or dare shut the door on any matter that offers the prospect of any solution or even a diminution of international tensions.

This attitude is not at all inconsistent with a sustained posture of strength in a determination to support and maintain the position of the western world, because the two great power agglomerations today must establish some basis of accommodation, else the prospect of the future is too awful to contemplate. Therefore, I think it shows a good perception of the existing situation that our country should take an important part in arranging for the forthcoming summit meeting.

It is not my intention to discuss the various technical arrangements or make an appraisal as to whether it would be more beneficial to hold the meeting at the United Nations or elsewhere, but I do think that the general emphasis upon the universality of the United Nations' responsibility is all to the good and I think our government and our country, for this is not a partisan matter, should be commended for its action.

The present area of tension is certainly not a new one. All down through the years, from the very early days of man's social experience, this part of the world has been a trouble spot.

It has been the meeting place of continents. It has been the lifeline of ancient empires.

It has been a buffer zone between east and west, often vulnerable to attack. The rough boots of the conquering invader have perhaps been heard more times over this area than in any other part of the world.

Here again in our own time we have the same area causing universal concern. But we have here factors of tension in the situation which are somewhat unique. We have fomenting in the Middle East the heady new wine of nationalism, an expression of national feeling which was very strong in Europe a century ago and very weak in other parts of the world. But now the situation is quite different and nationalism is a potent factor in Asia and Africa. I believe this was portrayed so well by a representative of an Asian nation at the United Nations some years ago when, after discussing the splendid job of administration which had been done in his country by Great Britain, he went on to say that good government is no substitute for self-government. That attitude, that very deep-seated thinking, is something which cannot be ignored.

There are other factors that are difficult to understand in their entirety and to which it is perhaps difficult to adjust ourselves. We have not only a feeling of nationalism there but strong forces leading to some kind of union among various states whose separate existence is somewhat incongruous. Many movements like to find a prophet and the present dictator of Egypt obviously aspires to be the leader of the great movement of pan-Arabism although, it would be wrong to say that he led it or created it. Perhaps he merely appropriated it. But the ambitions of the Egyptian dictator are very clearly set out in these words in a book which he wrote:

> When I consider these hundreds of millions, I emerge with a sense of the tremendous possibilities which we might realize through the co-operation of all Moslems . . . enabling them and their brothers in faith to wield power wisely and without limit.

This man is the man on the scene today, a man who has the tremendous psychological impact of this feeling behind him. Perhaps in recent years we have failed, as other speakers have mentioned, to realize fully and to appreciate the forces of nationalism in this key area. I think the efforts of the western alliance were very clear. The attempt was made to build a bridge of support right across the northern tier of the Middle East, as it was called. But this was never developed with strength and in our time we have seen the constant withdrawal of western power. The withdrawal of western power seems to delight some members but whether or not it is greeted with delight or something else it has certainly happened. France withdraws from her former mandates.

Britain departs from the Suez and Sudan. She forsakes Palestine. Then into this vacuum of power comes indirect Russian power and the highly activated development of nationalism.

One hon. member has pointed out that it must be recognized that the Soviet union has interests in the Middle East. Russia has had interests in the Middle East for many years and no one denies that. Indeed Russian interest was a very definite part of the strategy and diplomacy of that period. Fifty years ago Great Britain and Russia made an arrangement as to sphere of influence in Persia. One of the agreements among those many unhappy agreements before the first world war dealt with the realization of an old Russian dream, control of Constantinople. If we remember the Victorian era, the great emphasis in British foreign policy at that time was on the containment and curtailment of Russian penetration into the Middle East. We might recall one figure who was identified with that policy, that great statesman Benjamin Disraeli.

The Middle East for over 2,000 miles bounds upon the territory of Russia or of her satellites or her allies. Her interest there is very great and she is pursuing it with all the means at her disposal, nonetheless significant or effective because often indirect.

In the Middle East we find that one of the old factors in the equation has been removed, and that is the traditional friendship between Arabs and Britons. It is a long story and it is not altogether a happy story. There were many misunderstandings, some broken promises, some agreements which perhaps should never have been made and others which perhaps should never have been broken. But in any case that old friendship is gone and it can no longer be relied upon when we consider this part of the world and this portion of the diplomatic equation.

It is always a part, of course, of every country's foreign policy to accommodate itself to new conditions. We cannot now deny the fact of Arab nationalism. Nor can we deny the fact of what is called Nasserism. It is too late to cast recriminations as to how Nasserism was created or how it was fostered. I quite agree with the hon. gentleman who declared that we must, in following our policies in this area, have reference to the interests, needs and desires of the millions of people living there. I think that in the long run that will be in our interests too.

The Leader of the Opposition and the Secretary of State for External Affairs were profoundly right when they pointed out that beyond this immediate crisis there is great urgency and great need for long-range consideration as to what will be done about the

Middle East. The western record there in recent years has not been a glorious one. We have suffered reverses. There is more that we can do and we must take the initiative. We in Canada are proud of the fact—I hope it is a wholesome and not a smug pride and I think it is the former—that we do not have a legacy of ill will there, that we are not suspect. We say that our record is good. That being the case, I think it behooves us to take more responsibility.

I have been impressed in recent years how, with the development of Canadian diplomatic posts across the world, we seem to have been so neglectful of the Middle East. There were areas there in which we should have had more highly developed listening posts than we did have. I think we could have used our position to better advantage. We could make use of our reservoir of good will and our recognition of the importance of the economic question.

We have confidence, I think, in the immediate developments. We listened with great interest as the Secretary of State for External Affairs recounted the steps which the United Nations were to take. We will follow with interest the activities of UNOGIL. However, none of these things can ever be regarded as in any way a permanent solution to the problems. Our country has not been very long in this field of foreign policy. It is only a few years, historically speaking, since Sir Robert Borden won for us a place in the international field, so to speak. We have been doing rather well, but I am sure that the challenges before us will be ever greater. I am confident that, aware of the responsibilities which we have, our response to them will be fuller, more complete, than ever before.

I hope that we will never forget that, differ as we may in the details amongst the members of the western alliance, and using our influence as we might to try to persuade the policies of those who are stronger than we are, the greatest folly of all would be to contribute in any way to the weakening of the basic unity which must exist between members of the western alliance. If there was one thing which was more disturbing than anything else in the recent Suez crisis it was the fact that there appeared to be a weakening of that essential unity which must exist between members of a free alliance dedicated to the same principles, principles which we must pursue with vigour and determination in these very tense days.

Mr. W. G. Dinsdale (Brandon-Souris): It is a fortunate circumstance, Mr. Speaker, that makes it possible for me to participate in this debate following the distinguished member from Prince Edward Island who has just spoken. It is not the first time I have heard him speak on the very important subject of external affairs, because just a few years ago we were more or less linked in a common interest in these matters out in my own city of Brandon. I am sure the members of the house would agree that his contribution has been enlightening and helpful this afternoon.

I have been impressed during this discussion with the unanimity that appeared on all sides. Every member who has contributed to this discussion so far has joined in agreeing that during the past few days we have been faced with the most critical situation that has confronted the world since the end of world war II, in the events that have transpired in the Middle East. I am not going to endeavour to look at this problem from the standpoint of praise and blame. I was impressed the other day, as I listened to the distinguished Prime Minister for Ghana, who I thought made an excellent contribution to the whole approach to foreign affairs, when he said he was not going to pass any judgment. It would be foolish, and it would be premature, because we are dealing with matters that are so complex that only the Almighty himself could understand actually what has transpired and what might inevitably result therefrom.

There has been the common reaction that we, in this chamber, have been deeply disturbed and troubled by the events. I think the general feeling that has gone across the country has been that we have been hovering in the shadow of a possible outbreak of world war III. Perhaps one of the reasons for such a deeply troubled feeling in the country is that these events are taking place in the Middle East. The Middle East is generally regarded as the cradle of civilization, as it is from that area that the three great western religions have had their source, Judaism, Moslemism and Christianity. Yet, notwithstanding the historic past in this part of the world, it has almost seemed in recent years that what we have regarded as the cradle of civilization might become, unless we are very careful and unless we are very wise in the way we handle this problem, the grave of civilization. I believe that is the spirit that has been present in this discussion this afternoon and is the universal attitude in regard to these matters. Mankind has the feeling that he lies under the threat of universal Hiroshima.

Of course, the Middle East problem is not the only trouble spot in the modern world. Like the previous speaker, I feel we in this mid-twentieth century period have almost become accustomed to living from crisis to crisis. It is these circumstances that arise which add to the confusion of the twentieth

century in which we have seen social and political change move forward at such tremendous speed it has been quite impossible for the mind of man to keep abreast, and certainly it has been impossible for our social institutions to keep up with these changes.

In every generation, the record of history tells us that there are times of social change and social confusion. In fact, if we were to go back to the beginning of the record in scripture, we would find in the opening verses of the Book of Genesis a description of the beginning of things which would tell us that the pattern that has unfolded since that time has been typical of the situation in human affairs. We are told that in the beginning God created the world. Then, the words go on to say:

> And the earth was without form, and void; and darkness was upon the face of the deep.

Finally, we are given a ray of hope:

> And the Spirit of God moved upon the face of the waters.
> And God said, let there be light: and there was light.

In that second verse I think we have a very apt description of the situation confronting those of us in the twentieth century, namely that the affairs of men are without form and void and darkness is brooding over the face of the earth. The events of recent days and of recent years have definitely demonstrated that there is continuing chaos and confusion.

It has been my privilege, Mr. Speaker, since I came into this house, to take part in several debates on external affairs. I have done so only infrequently because these matters deal with complex matters that cannot be discussed without considerable thought and consideration. I remember the discussions that revolved around Canada's participation in NATO. I remember the heart searching there was when we were considering the proposal of German rearmament and German participation in the North Atlantic Treaty Organization. At that time it was thought that here was the main trouble-spot in the world and that here would be the possible source in the future of any serious outbreak of hostilities. It might be that such is still the case because we are still confronted with the very vexing problem of German reunification. I agreed entirely with the Leader of the Opposition (Mr. Pearson) when he emphasized that we should not forget the role of the NATO nations during the present crisis, and that is something we must continually keep in the back of our minds.

Then the trouble-spot moved towards the Far East to Korea, Formosa, Indo-China and all those other areas that have marked the headlines of our newspapers during the years that have gone by in the recent past. We thought that there might be the final source of the outbreak of hostilities which is universally dreaded by mankind everywhere. But now attention has been focused on the situation in the Middle East. As a result of the Suez event, and as a result of the continuing difficulties on the Israeli frontier I sometimes feel that we are forced to the conclusion that today the way to Washington and Ottawa and London may be through New Delhi and Cairo.

It seems to me that a new power situation has emerged in the world or at least has become clarified. The trends have been there for some time but it is only in recent years that these trends have emerged in a distinctive form. I refer to the awakening of the underdeveloped countries in Asia and Africa, their demands for independence and self-government and the rising claim of the coloured races to their share of the world's goods.

As I look at the situation, Mr. Speaker, and as I have seen the pendulum of the threat of war swing from Europe to the Far East and now to the Middle East, I am almost forced to the conclusion that this awakening of the peoples of Africa and Asia is a more significant development than even the events of world war I and world war II and even more significant than the rise and fall of Hitler and nazism or the Russian revolution. As a result of these new forces in world affairs we are no longer faced with the power situation that confronted us immediately following the war. I refer to the so-called east-west bloc with the west on one side of the chasm and the east on the other, the west led by the United States of America and the east led by the Union of Soviet Socialist Republics, separated by the unbridgeable chasm in world affairs since the end of world war II.

But now in the world we have this new situation—we might almost call it a third force—the tremendous political power of the upsurge of nationalism in the underdeveloped countries and their increasing desire and demands for a place in the sun. These nations are largely the smaller neutral nations. It seems to me, Mr. Speaker, that they are exerting and are going to exert in the future an influence to which we in the west must pay increasing attention.

I say that this force represents a neutral force because as I have examined the situation and as I have listened to spokesmen and as I met some of those spokesmen here is what I found. Judging from their statements and their comments, they have no particular

desire to be drawn in the direction of either the western orbit or the eastern orbit. That point was underlined by the prime minister of Ghana when he spoke in this house the other morning. I merely quote his words to emphasize that point. He spoke of a positive neutralism. As the *Hansard* record reveals it, he said this:

I should like to take this opportunity to comment on certain aspects of our foreign policy. Basically the policy of our government is one of non-alignment and positive neutrality. I have emphasized on several occasions, however, that this should not be interpreted as a purely negative neutralism. On the contrary, we will always adopt whatever positive policy will do most to safeguard our independence. We have a vested interest in peace, and we will do everything in our power to support the United Nations.

I think we make a mistake, Mr. Speaker, if we regard the cause, so far as our relationships with these new uncommitted countries are concerned, as a lost cause. Out of the present disturbance in the Middle East I am optimistic enough to believe that there yet will come a new and more positive approach to these difficulties. Actually I suppose that the real motivation in the thinking of these neutral powers today is their mortal fear of the military force concentrated in the so-called civilized nations of the east and of the west.

In this debate so far it seems to me that the shadow of the Suez crisis has been hovering near. In his remarks the Leader of the Opposition made some reference to this matter this afternoon. It is true that there are certain similarities that can be noted in reference to the Suez crisis and the present difficulty. It was a manifestation of anti-colonialism which is peculiar to these neutral nations.

THE ROYAL ASSENT

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

Ottawa, July 25, 1958.

Sir:

I have the honour to inform you that the Honourable Mr. Justice C. H. Locke, acting as Deputy of His Excellency the Governor General, will proceed to the Senate chamber today, the 25th July, at 5.45 p.m., for the purpose of giving the royal assent to certain bills.

I have the honour to be,
sir,
Your obedient servant,

J. F. Delaute
Secretary to the Governor General
(Administrative)

Mr. Winch: With respect to the bill passed and amended by the Senate, may I ask whether the amendment has received the approval of this house?

The Royal Assent

A message was delivered by Major C. R. Lamoureux, Gentleman Usher of the Black Rod, as follows:

Mr. Speaker, the Honourable the Deputy Governor General desires the immediate attendance of this honourable house in the chamber of the honourable the Senate.

Accordingly, Mr. Speaker with the house went up to the Senate chamber.

And being returned:

Mr. Speaker informed the house that the Deputy Governor General had been pleased to give, in Her Majesty's name, the royal assent to the following bills:

An act for the relief of Therese Beaudoin Girard.
An act for the relief of Dorothy Elizabeth Nairn Anderson Bloodsworth.
An act for the relief of Anne Marie Mathilde Vautelet Gagnier.
An act for the relief of William Leonard Mugford.
An act for the relief of James Clancy.
An act for the relief of Marjorie June Gabrielson Trainor.
An act for the relief of Kathleen Mitchell Cabana.
An act for the relief of Fernande Leduc Clarke.
An act for the relief of Ann Westwater Murphy.
An act for the relief of Gaynor Jenkins Douglas.
An act for the relief of Roland Paquin.
An act for the relief of Jone Vanda Skakauskaite Kaniewski.
An act for the relief of Ivy Elizabeth Shaw Labbee.
An act for the relief of Constance Jean Backhouse Brayton Lapierre.
An act for the relief of Lisbet Schlosser Wisternitz.
An act for the relief of Virginia Marshall Staniforth.
An act for the relief of Elie Kouri.
An act for the relief of Margaret Stirling Izett Brown.
An act for the relief of Norman Weisman.
An act for the relief of Dawn Yvonne Tonkin Kadas.
An act for the relief of Betty Taylor Sharpe.
An act for the relief of Doris Williams Timmins.
An act for the relief of Marjorie Mary Ellen Bowes Jupp.
An act for the relief of Earl Bruce Carswell.
An act for the relief of Beverly Joan Smithson Rook.
An act for the relief of Joseph Francois Gabriel Rene Denis.
An act for the relief of Solomon Seymour Yetman.
An act for the relief of Margaret St. Aubin Brennan.
An act for the relief of Lidija Plesums Koppel.
An act for the relief of Vera Hamburg Colson.
An act for the relief of Margaret Griffin Clarke.
An act for the relief of Katie Miller Fisch.
An act for the relief of Greta Claire Van Valkenburg Stenstadvold.
An act for the relief of Beatrice Madeleine Schmid Layton.
An act for the relief of Anne Gold Zidile.
An act for the relief of Thomas Mastropaolo.
An act for the relief of Charles Coorsh.
An act for the relief of Claire Aubin Daunais.
An act for the relief of Maurice Gardner Swaine.
An act for the relief of William Arthur Terry.
An act for the relief of Frances Eileen Fisher Baker.
An act for the relief of Marie Aurore Cecile Gauthier Thomson.

The Royal Assent

An act for the relief of James Dunn Drummond.

An act for the relief of Marie Eva Desorcy Valiquette.

An act for the relief of Norman Silver.

An act for the relief of Herbert Everett Follette.

An act for the relief of Abie Cubitz.

An act for the relief of Eva Shtull Hager.

An act for the relief of Georges Etienne Brais.

An act for the relief of Barbara Eisenstein Packer.

An act for the relief of Margaret Patricia Winckworth Thornton Sherwin.

An act for the relief of Benita Gertrude Kozlov Cohen.

An act for the relief of Marie Marguerite Amelia Genier Wright.

An act for the relief of Winifred Jean Garrett Somers.

An act for the relief of Frances Erdanova (Erdan) Weiskopf, otherwise known as Esther Weiskopf Weiskopf, otherwise known as Frances Erdanova (Erdan) Stern, otherwise known as Esther Weiskopf Stern.

An act for the relief of Mac Bernard, otherwise known as Manny Bernard.

An act for the relief of Marcelle Gagnon Lachance.

An act for the relief of Jean Claude Albert Leonard.

An act for the relief of Anne McCluskey Templeton.

An act for the relief of Lillian May Seymour Perez.

An act for the relief of Lucille Esther Hudson Donnelly.

An act for the relief of Dorte Glahn Carnie.

An act for the relief of Marie Therese Carmen Pauline Legault Lortie.

An act for the relief of Joseph Leo Nolet.

An act for the relief of Naomi Ruth Wolfson Fischel.

An act for the relief of Florence Lillian Henderson Pinkney.

An act for the relief of Francine Major Daigneault.

An act for the relief of Odette Lemay Dussault.

An act for the relief of Joan Collie Showler.

An act for the relief of Johanna Hendrika Jilderda Haring.

An act for the relief of Patrick Charles Stanford.

An act for the relief of Beryl Elizabeth Scrase Laliberte.

An act for the relief of Barbara May Ramsey Bryant.

An act for the relief of Joyce Sherman Fogel.

An act for the relief of Wilfred David Oliver.

An act for the relief of Joseph Urban.

An act for the relief of Olive Margaret Lester James.

An act for the relief of Florence Mildred Matthews Dawe.

An act for the relief of Marie Berthe Helene Guerard Maher.

An act for the relief of Marie Juliette Pauline Josette Beaudoin Said.

An act for the relief of Judith Margaret Bianchi Sartori.

An act for the relief of Clarabel Ellement Vaillancourt.

An act for the relief of Alice Elizabeth Edden Aumais.

An act for the relief of William Gordon Heughan.

An act for the relief of Roland Doutre.

An act for the relief of Gerald Edward Burnham.

An act for the relief of Ottilie Wilhelmine Auguste Stegelitz Carpentieri.

An act for the relief of Francine Josephine Ghislaine Boisdenghien Lebrun.

An act for the relief of Doris Cahill Chabot.

An act for the relief of Ruth Marsha Yanover Caunter.

An act for the relief of Joseph Wilfrid Rene Fortier.

An act for the relief of Ingeborg Alves-Probst Wright.

An act for the relief of Paulette Priscilla Benning Buchanan.

An act for the relief of Irene Georgina Descyca White.

An act for the relief of Eszter Jeszenszky Tahy.

An act for the relief of Alice Latou Tubbs Wood Green.

An act to amend the Yukon Act.

An act to amend the National Parks Act respecting the boundaries of Cape Breton Highlands national park.

An act to provide for the resumption of the British Columbia coast steamship service operated by the Canadian Pacific Railway Company.

[Mr. Speaker.]

EXTERNAL AFFAIRS

REFERENCE OF ESTIMATES OF DEPARTMENT TO STANDING COMMITTEE

The house resumed consideration of the motion of Mr. Smith (Hastings-Frontenac):

That items numbered 85 to 111, inclusive, item numbered 502, items numbered 542 to 549, inclusive, and item numbered 655, as listed in the main and supplementary estimates 1958-59, relating to the Department of External Affairs be withdrawn from the committee of supply and referred to the standing committee on external affairs, saving always the powers of the committee of supply in relation to the voting of public moneys.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. Dinsdale: Mr. Speaker, when the house rose at the supper hour I had been dealing with what I regard as a very important development in the power structure of international affairs and pointing out that no longer is a two-power world a valid concept. I mean by that the old east-west motion of power politics that prevailed after world war II. It seems to me that the rising influence of the neutral, uncommitted nations is the most significant development in international affairs in recent times. They have the legitimate desire to strive for a place in the sun.

As I understand the problem of the Middle East it would certainly appear that in the background, at least as the basic motivating force, is this desire for self-government, for independence, for a place in the sun on the part of an increasing number of underdeveloped regions. The Middle East situation has been at the boiling point for some years. As the house rose I was making a comparison with the events that took place at the time of the Suez crisis—this was referred to by the Leader of the Opposition this afternoon—

and was about to comment that in those events we can trace the growing wave of anti-colonialism.

I recall, for example, during the last war when I had the privilege of being in the Middle East in the uniform of the Royal Canadian Air Force that even as far back as 18 years ago that underlying hostility to the west could be felt on all sides. It is also significant that the mere fact that I and other Canadian servicemen were wearing the Canada badge at that time caused us to be regarded with special respect by the people in the city of Cairo, where we had contact from time to time during our visits to that area.

That spirit of anti-colonialism is present today in much greater intensity. It is generated by this striving toward nationalism. Certainly it has been encouraged by a political figure such as Nasser but it would be present even had Colonel Nasser not risen to a position of influence in the Middle East at the present time. Some one has said that no matter what attempts are made to the contrary, under the upsurge of interest in the United Arab Republic, federation will take place regardless of other considerations.

At the time of the Suez situation there was a fundamental difference from the condition prevailing at the moment. There was an unfortunate confusion and division in policy amongst the nations of the west. This prevailed in both the NATO countries and the countries of the commonwealth. To my mind that was the most unhappy aspect of the whole Suez crisis. I felt at the time, and I stated in the debate that took place on that occasion, that Britain's withdrawal from the Middle East would leave a power vacuum that was bound to create even greater trouble in the future. There is not a doubt in the world but that the present machinations there have been intensified and facilitated by the departure of British influence from that area. I believe this point was made this afternoon by the Leader of the Opposition, and I thought it was rather speculative, that if Britain had not gone through with its intervention in that area in that particular incident then Nasser would have been crushed by the Israeli forces. My understanding of the British intervention at that time was that it was a desire to stop hostilities in the fear that their continuation might precipitate a third world war which is feared so much in all parts of the world.

There is a very much happier note in the crisis we are facing today. There is a spirit of unity of purpose and unity of policy amongst the commonwealth nations as well as amongst the nations participating in the North Atlantic Treaty Organization. I should like to express a word of appreciation at this time to both the Prime Minister (Mr. Diefenbaker) and the Secretary of State for External Affairs (Mr. Smith) for the important part they have played in making possible this present spirit of unanimity amongst the nations of the west. They have exerted initiative in exactly the right amount and at precisely the correct moment to make it possible for the western forces to rally around a common meeting point. In so doing for the first time Canada is beginning to enter into that long-desired role where she is initiating policy of her own rather than being a mere echo of either the British viewpoint or the viewpoint of our neighbour to the south, the United States of America.

It is a happy state of affairs when we see the commonwealth and western nations working together in a unity never achieved before to meet a common crisis. It goes without saying, too that we are all delighted that this problem is finding its way back to the United Nations and that the prestige of the United Nations is not being undermined by any attempt to institute deliberations outside the framework of that organization. A large part of the credit for the initiative in this regard, I feel, goes to the Prime Minister and our Secretary of State for External Affairs.

Having said that much about the note of unanimity I must add a further word concerning the general approach to the problem confronting us. It seems that the concept of power politics is still the basic approach of the west to the settling of these disturbed conditions. The very fact that we have had to adopt at least military acts by landing troops in the trouble area is a confession of our own failure to grasp the essential nature of the problem and to try to reconcile this growing spirit of nationalism with the interests of the western nations in the Middle Eastern area.

It does not need any emphasizing to make the point that in this hydrogen age it is no longer possible to maintain the balance of power by means of the old power politics idea. It is much too dangerous a balance to try to resolve on that basis. That is why it is so disturbing when we read remarks by the premier of the soviets as quoted in an editorial of the *Globe and Mail* today, as follows:

> Let the imperialists beware. We are revolutionaries. We are Marxists and we are delighted when the colonial nations rise up and cast off their chains. The boot of the foreigner must be removed from their soil.

That is not the kind of attitude that is going to bring about the necessary reconciliation of viewpoint and interests at this time. There had been an encouraging indication,

particularly since 1956, that the Russian emphasis on power politics, the effectiveness of power politics in the world struggle had diminished somewhat. They seemed to be backing away from a brutal power concept. For example, they had minimized somewhat their stress of the theory of the inevitability of war in achieving desired ends, and also there seemed to be a softening of belief in the necessity for civil war for the seizure of power in any outside nation. More recently, too, there has been the tendency to emphasize the economic struggle rather than the political or the military struggle. It is to be hoped that spokesmen of the U.S.S.R., when they come together in the contemplated summit conference, will adopt a much milder tone than in the statement that was released by the Russian premier in response to the statement of the President of the United States of America.

I cannot get out of my mind that in the background somewhere in the thinking of the soviets there might be mischief contemplated and I still remember the quotation of Premier Khrushchev when he said ,"Always remember that the bear can crush just as effectively with a hug as it can with a blow." That is provocative language and it is language that should not be used if we are to have any success at all in the summit conference.

I say that the old concept of power politics is outmoded by the very nature of the world in which we live. We could not keep up to the soviet in adopting this technique even if we tried. The Minister of External Affairs (Mr. Smith) referred to the subtle intervention penetration of the soviets and the difficulty of analysing the nature of this subtlety. That is quite true. A monolithic state such as the soviets is always at an advantage in this regard. There are no democratic inhibitions, no rules to follow, and on top of it there is the strong outthrust in the cold war of communism as a new world religion. We just cannot compete in the same league with that kind of approach.

I feel, Mr. Speaker, that our approach at this time—and I am sure the sharp reaction of all the leaders of the west indicates that they realize the difficulty—toward a solution of the problem must be other than that of the outmoded power politics. Already we have made very remarkable forward steps in this regard, and I refer now to the attempts of the west to provide economic assistance to those under-developed areas in a gesture of good will and of understanding. It is a great step forward when we reach the point that we are more and more interested in offering economic aid than we are in providing military aid to assist those new and developing neutral nations.

I could spend some time this evening, were time available, in analysing the role that oil plays in the present problem of the Middle East. There is not the time but I think we are aware that if we are to avoid further alienation of the neutral nations we must make it quite certain that we have only their best interests at heart, that we want to assist them in every way to achieve their legitimate desires for independence and self-government.

My final point, Mr. Speaker, is perhaps the main point that I wish to bring before the house tonight. It deals further with this subtle approach, this subtle intervention that is the growing influence in world affairs at the present time. I refer to the impact of psychological warfare, the psychological factors in the cold war, the role that values play in influencing world events. At the time of Suez the United States prided itself on the fact that it had struck the correct moral tone in its approach to that problem and condemnation was heaped upon Britain and France because they had acted independently of the United Nations, outside the moral framework of our Christian ethic. Well, as far as that went at the time I could agree with the United States postulate. It is very important that we exert a proper moral leadership. The difficulty was that having, as they claimed to have, achieved a position of prestige and world leadership in the Middle East, the United States did not move fast enough to consolidate that position.

We always have to look at these problems from two standpoints, the standpoint of political realism as well as the standpoint of idealism. We in the west are essentially idealistic. The Americans and Canadians are particularly idealistic but I am afraid there are times that our idealism is so badly adulterated by materialism that we cannot see the woods for the trees, as it were. President Eisenhower has said that in the end result there is very little difference between atheistic materialism and theistic materialism. The soviet system is quite unashamedly materialistic.

They believe in the efficacy of physical power, prowess and military force. We have depended upon these things only because we have felt ourselves forced by outside pressures and threats.

Yet as a theistic society, we too have become saturated by theistic materialism. Our symbols of democracy, those things that we would wish to bring before people who in the first instance actually receive their inspiration from the west through our missionaries, our religious missionaries, our

church missionaries, our political emissaries, our commercial salesmen, have been confused by these people with such physical achievements as skyscrapers, juke boxes, refrigerators and the like. Sometimes too it seems to me that the symbols of democracy are obscured completely by the very struggle for existence of these underdeveloped nations.

A truism that used to be preached by General Booth of the Salvation Army was that you cannot preach to a man with an empty stomach. I am quite sure that we cannot expect these nations, with their low standard of living and faced with very difficult economic circumstances, to understand our democratic ideas as long as all their time is consumed in the task of eking out a bare existence.

My time is expiring, Mr. Speaker, and I must bring these remarks to a close. I think we are in a much happier position in the present crisis than we were at the time of Suez. Canada has added laurels to the lustre that is already ours because of our participation in world affairs down through the years. The Prime Minister of Ghana paid us a generous tribute in speaking in the house last Monday when he said that he was greatly impressed by Canada's record in the field of international affairs in recent years. I believe firmly that at the summit conference and out of the present discussions and deliberations we will see a coming together of the leaders of the various nations of the world, a closer understanding of the basic issues and an attempt to get at the common humanities underlying the skin of each one of us. If we get the other man's point of view I think we can go a long way in helping to resolve the problem.

Mr. Speaker, I recall an interesting discussion at the United Nations in the fall of 1955. The very delicate and difficult race problem in South Africa was under discussion. I remember that the representative of Indonesia was speaking. He said that the white man believes that the only solution for the problem of South Africa is for all blacks to turn white. With a smile and with a good natured chuckle he went on to say, "I have got another solution for the problem. Why should not all white men turn black?" You see Sir it all depends how you look at the situation.

We have many problems to contend with but I think the basic solution is that we interpret correctly our way of life, the values underlying our way of life. As the United Nations charter so ably puts it, if wars begin in the minds of men it is in the minds and hearts of men that the defences of peace must be built. Canada has made a great contribution to that great structure in the past and will make even greater contributions in the critical days that lie immediately ahead.

Hon. Paul Martin (Essex East): Mr. Speaker, I am sure that the debate that has taken place on the resolution proposed today by the Secretary of State for External Affairs (Mr. Smith) represents the common desire of all of us in the house to assist the government in the very difficult responsibilities confronting it at this time. At the same time each of us is anxious to bring forward views that we believe are directed towards that particular objective. We may not all agree on the details of foreign policy of the government of our country but I am sure that all of us in the house without exception are united by a common purpose on a common understanding of the difficult problems involved and confronting each country in the world at this particular moment.

Like my leader I should like to say to the Secretary of State for External Affairs that we on this side of the house, free from direct responsibility, extend to him, to the Prime Minister (Mr. Diefenbaker) and to the other members of the government our best wishes for a satisfactory discharge of their responsibilities in respect of these matters, some of which in other days have engaged the attention of some who have spoken today. Possibly in my case I can say to the Secretary of State for External Affairs, remembering the period when I did have a status best described by saying that I was *in statu pupillari*, that I have for him nothing but best wishes in the discharge of responsibilities which are his for some months.

I echo at once the words of my leader who expressed his faith in the United Nations and in its charter. As one who has spent a good part of his life in a less effective way at the league of nations and at the United Nations, I feel that it is well that we should have had today, through one who has played such a great part in current events in our time, an expression of faith in the value of the charter and in the concept of collective security as a means of bringing about order in a disturbed world. I am sure that hon. gentlemen opposite will not begrudge me this opportunity to say that. We have been proud of my leader in his former capacity of secretary of state for external affairs and as a great exponent of peace in our time. But we thought today that in the bold initiative he took in his speech he lived up in an exceptional way to the high standards which he has set for himself in this important field of human endeavour.

He began his speech by suggesting to the Secretary of State for External Affairs that

as the general assembly would meet in normal session some time in the month of September, consideration might be given by the Canadian delegation to a strong sponsorship and initiative regarding certain matters that have a bearing on whether or not we are going to be able to ease current international tension and make a contribution in a positive way to the preservation of peace in the world.

He suggested we might take the initiative at the assembly in the matter of trying to bring about some agreement that would lead to the arresting or stopping of the manufacture of nuclear weapons, now confined to three powers; that secondly, we might put forward in a way acceptable to a wide number of nations an agreement that would lead to the suspension of tests, he suggested for a period of five years, under the supervision of the United Nations; and, thirdly, echoing one of his favourite themes, he urged that in the face of the current international situation we might find great encouragement for pressing forward with the establishment of a permanent United Nations police force.

I am sure that all members on all sides of the house, including the Prime Minister, whose interest in this matter was represented by the interrogation he levelled at the Leader of the Opposition (Mr. Pearson), will agree, at least in principle, that the principle of collective security as envisaged by its authors at San Francisco can be effectively realized by the acceptance of an additional principle of collective security and by doing indirectly what it has not been possible to do directly because of the intransigence of the Soviet union in respect of the implementation of article 43 of the charter of the United Nations. Whether or not it is possible to establish a permanent United Nations police force remains to be seen. But undoubtedly, if we are to pursue the original concept of the interdependence of the nations of the world as envisaged by Her Majesty's Prime Minister in the United Kingdom, this is the next phase towards which we must seek to develop the principle of collective security, attempted in 1919 in the covenant and so unfortunately rejected finally in September of 1939 by so many members of the league of nations.

Then, my leader spoke of the importance of initiative, not irresponsible initiative but initiative on the part of nations who have won respect of their fellow members in the United Nations, capable of providing constructive solutions for difficult problems. Possibly no one had a greater right to suggest that we should pursue this tactic of initiative than my leader, who perhaps more than any other man in the last decade, has day in and day out at the United Nations himself given an example of what responsible initiative can mean towards the achievement of good purposes amongst the nations. He expressed the views, and I think we all associate ourselves with this, that we are proud of the role of Canada in recent days. This does not mean that every particular act of the administration commends itself to us. Indeed, speaking for myself, it would be possible to argue that in the first few hours of this current situation there might be found occasion for justifiable wonder as to the actual course that the government of our country had in mind.

Whether or not that is right, the fact is that subsequent events, declarations of the Prime Minister in this house, statements of the Secretary of State for External Affairs at the United Nations, the reported meetings that he has had with his opposite number in the United Kingdom and the United States, all suggest that the role of Canada in the past few days has been such as to warrant the observation of my leader that we approve in a general way the role of Canada in these recent days. However, I wonder why the Secretary of State for External Affairs, when he spoke today about meetings in Washington on Friday of last week with Mr. Dulles and with Mr. Selwyn Lloyd, referred to the reports made in the United States press as to the nature of Canada's contribution. It may be that because negotiations on these matters sometimes obviously must be private at certain stages he could go no further. But it would have been helpful, assuming that under the circumstances it would have been desirable for him to do so, to have an account from him of precisely the position that Canada took in the conversations that were held at that time, prior to the conversation he had the following day on this crisis with the secretary general of the United Nations.

We had today from my leader, I think, a valuable historical statement of the situation in the Middle East, a historical narrative that puts its problems in prespective. Then, associated with that, was the concrete proposal made by the Secretary of State for External Affairs who spoke first. Speaking of the situation historically in the Middle East, my leader mentioned the constant strife that has prevailed in that theatre, without attributing to any particular source the cause of the strife, indicating the competitive forces that persist; the interest of the Soviet union currently and historically in the Middle East; the animosities that prevail between the various groups, and suggested that whatever kind of formula eventuates we must bear in mind these impotrant historical facts, amongst

which is the natural urge of the people of the Middle East, as well as other nations, for self-determination. We must note their desire to use whatever help they can get, from whatever quarter, to further their nationalist aspirations. We must recognize, too, that these aspirations, no matter what will happen within the next few months, are bound in the processes of human history, to assert themselves as they have asserted themselves in the past. I thought he left the implication that what we must seek to do is avoid creating any unduly lengthy breach of misunderstanding between the western nations and these nations in the Middle East.

It undoubtedly was because of considerations of this sort that the Secretary of State for External Affairs projected the idea that one way of bringing about stability in the Middle East would be to provide for some form of international guarantee of the neutrality of Lebanon. When I first heard the Secretary of State for External Affairs make this proposal, without in any way disagreeing with it, but reflecting on what it meant, I found myself hoping that the Secretary of State for External Affairs might have found it possible—he undoubtedly had his reasons for not doing so—to explain the reasons which prompted him to underline this very interesting suggestion, which I noted during the dinner hour was made in a recent issue of *Le Monde*.

The article in that newspaper called attention to the fact that Lebanon vis-à-vis the other nations of the Middle East for a long time has occupied a position of unofficial but acknowledged neutrality, a neutrality that was respected historically up until perhaps a year ago by the adoption of the Eisenhower doctrine, a position which the Secretary of State for External Affairs compared to the guarantee of neutrality given to Austria in the treaty of peace signed by the Soviet union and certain western powers four or five years ago.

I am sure there is much merit in the suggestion made today by the Secretary of State for External Affairs. However, I am sure that he would agree with me that the guaranteeing of the neutrality of Lebanon to preserve the national integrity of that historic little community and state could serve as a pilot project for guaranteeing the neutrality of other countries in the Middle East as well. One thinks, of course, immediately of Israel. Certainly to guarantee the integrity of Israel would be a stabilizing factor in the Middle East. But one should not even stop with Israel. Guaranteeing the neutrality of other nations of the Middle East by these nations themselves and by other nations of the world might well prove to be an extremely important factor just as the neutrality of Austria in recent years has proved to be a valuable asset and as the neutrality of Switzerland for a long period now has served as an extremely useful facet in the conduct of international affairs.

I would hope that I do not misread the objectives that the government has in mind and particularly the Secretary of State for External Affairs in saying that not only would we want to guarantee the territorial and national integrity of Lebanon but we would also want to see the expansion of that principle in the wider theatre of the Middle East itself as a means of steadying and disciplining those forces that have existed and have contributed so much to the lack of order which has existed in those areas during the past decade and more. In any event, one can only hope that these suggestions will be pursued with vigour and initiative by the government of this country in the days and months ahead in order to achieve what we all so earnestly desire.

Immediately we are confronted with a proposal by which this problem in the Middle East is to be met and by which it is hoped tension can be eased not only for the benefit of this area but for other areas as well. The proposal has been made that the way in which to do this is for the heads of the governments of the great powers to confront one another and to deliberate on matters relating to the Middle East. This it is argued might have a steadying and clarifying influence. I want to say first of all that as an individual I believe that nothing is to be lost in principle by those who have the responsibility in these matters in various countries getting to know one another in the hope that as a result of such acquaintance they will better be equipped and disposed to resolve the frightening problems that divide them. But I think we have to resort to the practice and the achievements of history in assessing whether or not this understandably good wish is practical in every circumstance. Argument, talks and articles about a summit meeting to end the cold war I think very often give one a feeling of unrealism, almost childishness, sometimes of nightmarish insincerity. The notes fly back and forth on who will meet, where, when, how, why, and with what; notes usually given to the public before they have been received by the person or the country to whom they are addressed. I think the former secretary of state for external affairs, my leader, properly

expressed the situation in this particular when at Williamsburg he recently said:

> The best kind of summit meeting that I can visualize in present circumstances—and it would be no formal conference at all—would be a meeting of the heads of the American and Russian governments for a couple of days, without agenda, files, or crowds of experts; to exchange views informally and frankly; to try to get to understand each other and in the process perhaps to remove some misconceptions and even some fears. Then, the work of negotiation and diplomacy on a wider basis and dealing with concrete problems—the long, hard pull—could follow and in perhaps a better atmosphere.

Then he went on to say this:

> The worst kind of summit conference that I can imagine is a meeting of the heads of a dozen or more governments, more or less evenly divided between communists, anticommunists and uncommitted, each with a staff of a hundred or so, and all surrounded by 4,000 journalists, photographers, radio and television commentators, crouching on any ledge they can find, however uncomfortable, providing it is on or near the summit. In this melange, there will be only one man who knows exactly what he wants to do, Mr. Khrushchev. He will submit ten propositions at once to the conference, full of such words as peace, co-existence, disarmament, prohibition, and ask that they be agreed to at once as being entirely consistent with the Sermon on the Mount and the U.N. Charter. He will have a wonderful time and the Asians, Africans and Arabs—and others—will blame everything on Mr. Dulles.

My leader has fairly good authority for this *a priori* view that not necessarily is related to the current suggestion that, in the face of exigencies as they are now presented, there is no alternative but to do what I think the Prime Minister so properly suggested the other day, namely that this meeting should take place. Sir Winston Churchill said as early as 1953:

> This conference—

He was speaking of a summit conference.

> —should not be overhung by a ponderous or rigid agenda or led into mazes and jungles of technical details, zealously contested by hordes of experts and officials drawn up in a vast cumbrous array. The conference should be confined to the smallest number of powers and persons possible. It should meet with a measure of informality and a still greater measure of privacy and seclusion.

No one will deny that throughout the whole of his prime ministership during the period of war no one was more properly gregarious and more interested in meeting those in other countries who had to do with similar problems than was the prime minister of Great Britain. Indeed, Viscount Montgomery expressed the same view in this city only a few weeks ago when he said:

> Two talking couldn't decide anything but at least they might find out what is the trouble.

In the preparations and the suggestions that the Prime Minister and his colleagues will be making about this summit meeting I think they will want to bear in mind, as I am sure the Prime Minister is doing, the desirability of a meeting at the summit under circumstances the most practicable and in a form the most desirable to achieve the purposes that he and all others must at this time have in mind.

My leader suggested the other day when commenting on a statement made by the Prime Minister in this house and bearing in mind, undoubtedly, some of these particular situations which I have related, that a subcommittee of the security council might be devised to decide on the most effective way of bringing about what is commonly desired in this matter. This may not be possible and the Prime Minister has information, as has the Secretary of State for External Affairs, which is not available to the rest of us, but I think that this may be a valuable suggestion for the Prime Minister to bear in mind.

Assuming there is a summit conference and assuming that he will take responsibility, as head of the government of Canada, for sitting in the Canadian chair, and assuming that it should turn out—and I am not saying that this will eventuate—that the particular locale selected and the particular prearranged circumstances for the meeting prove not to be fully satisfactory, then this idea of a smaller committee could very well prove workable and it could be convoked at some subsequent date, possibly not too far removed from the date of the larger meeting but in another locale or even on another continent. This locale could be Geneva. We must not forget that in the month of July 1954 the heads of the governments of the United States, the Soviet union, France and Great Britain did meet for a week in Geneva. President Eisenhower, Premier Bulganin, Premier Faure and Mr. Eden were present and we all recall that at that meeting, when the agenda was not too carefully pre-arranged, the discussions resulted in the creation—perhaps it was a false creation but it nevertheless existed—of a measure of confidence and trust as between the four powers which had not existed for some time.

I suspect that in spite of the fact that there was a lot of publicity connected with that meeting the negotiations for the most part were held in private and it may be that this experience will prove useful when considering the events having to do with the setting up of the machinery and the decisions on the circumstances as to where and when the heads of the great powers or the members of the security council and certain other invited states shall meet. In any event, those are suggestions put forward without any background knowledge to the Prime Minister, who I know wishes to discharge, as do his

colleagues, his responsibilities in this matter in the interests of our country and in the interests of preservation of peace in the world; and as a private member of this house I give them to him.

I was very interested in what the Secretary of State for External Affairs had to say about the formula for the adjournment *sine die* of the international supervisory commission on control in Laos and Cambodia. These commissions, as I understand it, have now adjourned *sine die*—

Mr. Smith (Hastings-Frontenac): In Laos.

Mr. Martin (Essex East): —in Laos and in Cambodia the adjournment has yet to take place. All I can say is that even though he did not say this, it seems clear that the adjournment *sine die* means that the commissions will not return, certainly not to Laos; and assuming the realization of the same position in Cambodia, it will not return to Cambodia. I am not quarrelling with that; I think this is a rather ingenious solution to a problem which has concerned the government of Canada for some time.

No doubt these two commissions as well as the commission in Viet Nam have served an outstanding purpose and, as the Leader of the Opposition said today, the fact that Poland, India and Canada are represented on those commissions is possibly demonstrative of what can happen on a much wider scale in a sphere in which there would be participation by nations of both east and west which would be designed, by employing the instruments of adjudication and conciliation, to ease tension and preserve peace.

It is right that the commission in Viet Nam should continue as a means of guaranteeing satisfactory conditions for the holding of an election in that country on terms which will permit the elections to be free and so that the people of that troubled country may have the opportunity of deciding whether or not they are to follow the leadership of that great liberal-minded statesman, President Diem, or to follow the dictates of the representatives of communist China and of the Soviet union in North Viet Nam.

I also want to pay tribute to the members of the international commission in the three countries I visited a year and a half ago, not only with respect to the military personnel but also those officials of the Department of External Affairs who under great difficulties and sacrifices have rendered a very distinct service to our country and to the cause of international peace.

The Secretary of State for External Affairs concluded his statement with a recital of the problems of disarmament. Of course, as my leader said, disarmament could begin with the suspension of nuclear tests. This could be the beginning of a solution for a problem which has confronted the United Nations since the first meeting of that body in Church House in London, in 1946. It has not been possible to achieve any success with respect to this matter, and I fully agree with the Secretary of State for External Affairs who believes that because of the tensity of the current international situation we should not prevent a discussion of disarmament. I am not going to engage in an argument as to whether disarmament is the cause of war or whether it is a reflection of international tension, but undoubtedly the very reasons that provoked the suggestion that there should be a suspension of tests are the same kind of reasons which should provoke civilized men and women to try and bring about in their respective countries policies designed to reduce the heavy burdens of armament in a manner consistent of course with national security.

We have always made it plain in this country—and this applies to this government as well as the previous administration—in our talks with the Soviet union and with our friends the representatives of the United States, of France and of the United Kingdom, that we are not engaged in a process of trying to bring about unilateral disarmament but that we wanted disarmament on such conditions that we would be certain both sides of an agreement were carrying out the various terms to which they had committed their governments. I agree that for us not only inspection and control are important. It is also important that we have a clear understanding with the Soviet union as to what we mean by the objectives of control.

The Soviet union has traditionally taken the position that this really does not matter but that what does matter is an agreement in principle, the matter of control could be decided or discussed later. That is a chance, obviously, which in the light of the current international situation no country could take. I was a little mystified, however, when the Secretary of State for External Affairs, referring to the disarmament program as revealed in the white paper which he tabled, described it as a package deal. If by "package deal" is meant that there must be an acceptance of all its provisions, then I must say I never understood that to be the position of the previous administration nor do I understand it to be the position taken by the United States, by France or by the United Kingdom. I have always understood that we were prepared to embark on a stage by stage program insisting only at the end of each stage that

there would be set up the kind of international control and inspection which would guarantee the fulfilment by both sides of the features of the particular stage to which agreement in principle had been accorded.

In any event, if we have not succeeded in bringing about some progress in a measure of disarmament the fault lies at the doorstep of the Soviet union because of its reluctance to accept these elementary guarantees of control and supervision which are inherent in the character of nuclear weapons of war now in the possession of at least three of the great powers.

I hope the government will persist in this matter of disarmament, and I believe it will, no matter how frustrating it becomes and no matter how much patience it takes, remembering as the Leader of the Opposition recalled today one of his own initial participations in the field of international affairs at a disarmament conference long before the outbreak of the second world war. We all remember the long periods of discussion from 1922 on under the chairmanship of Mr. Henderson toward conditions which ultimately led to a form of unilateral disarmament which placed many nations of the free world in a disadvantageous position vis-à-vis Hitler's Germany. That shall not occur again, that is clear. And once the deliberations of the scientists at Geneva have been concluded, once it is determined that it is scientifically possible to supervise the suspension of these tests, it may be hoped that will be a strong stimulant for agreement in the first stages covering conventional arms and leading ultimately down to the prohibition of the manufacture and use of atomic weapons along the lines indicated by my leader this afternoon.

I fully agree with what was said about economic assistance to other countries. The role of Canada in the Colombo plan is well known. Now we have to envisage a wider form of assistance, either bilaterally or through the United Nations toward countries in the Middle East or countries already begun through the form of limited technical assistance thus far in the Caribbean and, let it not be mistaken, apart from Ghana, assistance to other theatres, including Africa itself.

This will place great obligations on the citizens of individual countries where the governments of those nations have to make policies that lead to the act of giving. That will place not only upon the people but upon those of us in political parties the responsibility of realizing that in urging these things in parliament we are in honour bound precluded from using them in inverse manner when we come to face the electorate which so often happens and has happened in this country. The Prime Minister and the Secretary of State for External Affairs may be assured that they have from us on this side of the house, as my leader said with much greater authority than I, nothing but good will and best wishes in the prosecution of their difficult responsibilities.

We are not the leading power in the world. That is a self-evident statement. But we are a nation that is respected. We are a nation which, because of the achievements in this field during the past decade, has won for itself an honoured place among the nations of the world. We have an opportunity of taking initiatives not open to every other country, not only among the smaller and middle but among the greater powers, initiatives which still rest within the power of any government of our country. Mr. Henry A. Kissinger, writing in the Ottawa *Journal* of May 15, 1958, said:

> The more intransigent the Soviet union the more important it is for us constantly to put forward proposals which demonstrate our willingness to settle, but which also define the issue for which we are prepared to contend. We should make no proposal we are not willing to see accepted but by the same token we should not refrain from making proposals simply because we believe they may not be accepted. We are under no obligation to frame proposals we are sure the Soviet union will accept. To do so would invite the U.S.S.R. to drive us back step by step. We are under an obligation to make responsible proposals which are not designed to undermine legitimate soviet interests.

These are words to which I am sure all of us will subscribe and which I commend to the Prime Minister at this time. I take my seat by simply saying to the Prime Minister on one occasion when my leader as then secretary of state for external affairs asked me to go to the United Nations to head our delegation, the right hon. gentleman served on that delegation as an observer. He will recall our pleasant and what I think I may describe as a useful association. As I now look at him sitting in the seat—my leader said in the seats of the mighty, and it is true,—occupied by the first minister of this country, I recall that association and I know that now occupying a post of even greater responsibility than that which he occupied in 1955 the right hon. gentleman will go to the United Nations bearing in mind the tradition in the field of foreign affairs established by others and to which this house has contributed in its discussions, and he will do his utmost not only for the honour of Canada but for the peace of the world.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, this is indeed an occasion, one of those that occur from time to time, when this House of Commons becomes a cathedral in devotion to great principles. I am sure every hon. member of this house

was moved by the power and eloquence of the hon. member for Essex East (Mr. Martin) as he revealed his views in connection with the seriousness and in keeping with the seriousness of the situation which has been the basis of our discussion today. Indeed, from the time the debate started this afternoon one could be very proud of a House of Commons which produced the contributions that were made here as hon. members on both sides of the house spoke, beginning with the Secretary of State for External Affairs (Mr. Smith) and followed by the Leader of the Opposition (Mr. Pearson) in what I may be allowed to say was a masterful analysis, and finally now concluding with the speech of the hon. member for Essex East. I am not going to bring into this discussion any of those things that are past. Once or twice the Leader of the Opposition went back two years ago, almost to the crisis at the time of Suez. On this occasion I do not intend to return to those events, nor to deal with them again.

Today we are faced with a situation, and have been during the last two weeks, serious in its import, challenging in the opportunity that comes to those of us in office who have responsibility. We hope we may discharge those duties that are imposed upon us by virtue of the position we occupy in keeping with the nature of the challenge that is ours. We find, however, that there are bright sides. Today we find the United Kingdom and the United States in a degree of unity which is necessary if freedom is to be preserved. We realize something of how fearful the prospect would be if the United Kingdom, the United States and France found themselves in disagreement at a time like this.

As the hon. member for Essex East said, whatever the results of the summit conference, should it be convened—and I am implying no doubt by placing my remarks in that form—mankind and free men everywhere must never place that degree of faith in the conference which would remove the realities of the future or the realization of the fact that the division as between the forces of freedom and the communist world will still continue, not I hope in the same attitude of mind as has prevailed recently but certainly let no one carry in his heart the hope that all will be solved.

In the last two weeks the communist world has shown its point of view again on more than one occasion. Mr. Khrushchev has spoken in words that cannot be misunderstood regarding his relationships with Tito and with all communist nations that believe that communism can be a matter of nationalistic concern alone.

When my hon. friend mentions the needs of disarmament—and all of us in the free world hold that view—and of the hopes that he has that out of the conference in Geneva will come a measure of agreement that will permit of disarmament, I can only bring to his attention the fact that on the twelfth day of July Mr. Khrushchev said that the hope to work out a system of complete and fool-proof control over disarmament is unfounded. That is the atmosphere today in the communist world. I believe that the dynamism of the communist world will not be met by frozen negativism, and it is because I believe that that I took the stand in the House of Commons on Monday last when I set out something of the point of view of this government, something of our ideas and of our concepts of our responsibilities. The Secretary of State for External Affairs, the members of the government and myself agreed that whatever the purpose that Khrushchev may have had in mind in suggesting a summit meeting, for any of the nations of the free world, and in particular for the United Kingdom or the United States, to turn down that invitation preemptorily and without the fullest consideration of its import, the realization that it might convey a new hope for mankind, would be acting in a way detrimental to world peace.

I am very pleased this evening, as I have been throughout this day, as I have listened to the hon. members on the other side of the house join in their words of commendation of the Secretary of State for External Affairs, for after all, just as the Leader of the Opposition at one time occupied that position and at another time the former prime minister, Mr. St. Laurent—and generally through those days we in the opposition endeavoured to join as Canadians to achieve a degree of unity in foreign affairs—so on this occasion members of the opposition in generous terms have followed that course which is representative of true democracy within our country.

The hon. member for Essex East stated that in everything he would not agree. I would not expect that because after all there are bound to be disagreements as to the means being adopted, while agreement as to the objective is being maintained. It is because of that fact that a few days ago I stated I would welcome this debate with a view to having the views of the members of this house expressed on a matter that far transcends party affiliations or political consequences.

The stand that we as the government of this country take on this question is one that we hope will command the support of Canadians as a whole. Certainly the members of

the opposition on this occasion in the contributions that they have made have shown that realization of the gravity of the occasion and the necessity for closed ranks. In other words, each of us realizes that the events of the next few weeks may indeed have a tremendous influence not only on the future of our country but on the welfare of mankind.

I am going to refer to one or two suggestions made by the Leader of the Opposition this afternoon. One of the things that he suggested was an international police force and, as he said, that is no recent inovation or suggestion. Indeed, as I listened to him my mind went back 350 years in the reading of history to when the concept of an international police force was first brought to the attention of mankind by Grotius. The hon. member for Essex East referred to the league of nations and its failure in 1939. I think it failed prior to that when, in spite of the need of the establishment of an international force being generally recognized, it failed to secure the necessary support for the setting up of such a force, that aside from the fact that the restriction of the membership by the actions of one or two nations made it almost impossible for the league of nations to be a success.

I remember on one occasion hearing the late John W. Dafoe say that the only way in which mankind can preserve peace will be through the instrumentality of an international organization having the power to command respect and obedience to its commands and its determinations. The Leader of the Opposition has suggested that the general assembly might take steps towards the establishment of such a force. Under the uniting for peace resolution the general assembly has recognized the need for the existence of an armed force which could be used collectively notwithstanding the failure of the security council to discharge its responsibility. Article 43, to which reference was made by the Leader of the Opposition and the hon. member for Essex East, is as follows:

1. All members of the United Nations, in order to contribute to the maintenance of international peace and security, undertake to make available to the security council, on its call and in accordance with a special agreement or agreements, armed forces, assistance and facilities, including rights of passage, necessary for the purpose of maintaining international peace and security.

2. Such agreement or agreements shall govern the numbers and types of forces, their degree of readiness and general location, and the nature of the facilities and assistance to be provided.

3. The agreement or agreements shall be negotiated as soon as possible on the initiative of the security council. They shall be concluded between the security council and members or between the security council and groups of members and shall be subject to ratification by the signatory states in accordance with their respective constitutional processes.

As the Leader of the Opposition said this afternoon, that has been the aim and purpose of successive meetings of the assembly but the achievement of that aim and ideal is still far removed. The general assembly has indeed recommended that states members maintain national armed forces elements for service as a United Nations unit or units upon recommendation by the security council or the general assembly.

Similar considerations which led to the enactment of the united for peace resolution or a development of the recommendations in that resolution might indeed lead to the establishment of some kind of permanent United Nations force, but there are, as was recognized here this morning, this afternoon and this evening, immense practical and political difficulties before agreement between the nations can be achieved. I am not going to give quotations this evening of some of the stands over the years in that behalf that have been taken by various members in the house. Suffice it to say that in March of 1945, prior to the convening of the United Nations conference in San Francisco, in common with other members of the house I advocated the need of the establishment of such a force. Later on in 1946 in the United Nations assembly Mr. St. Laurent advanced the proposition as one worthy of support.

But unfortunately as we look back on the perspective of events those who were in a position to bring about the achievement of that desirable end, without which peace under an international organization is founded on a slender reed, have made no great advance towards the attainment of this objective.

The Leader of the Opposition mentioned disarmament. I am going to refer to that a little later. He also dealt with the economic phase, as did the hon. member for Essex East, the need of assistance being given to underdeveloped countries. In that regard there are no boundaries to the attitude taken in support of that proposition by members in all parts of the house, and in the last year or so there have been material increases but that of itself is not sufficient.

One of the most serious challenges today is the challenge of the U.S.S.R. in its economic warfare, and in 1955 Khrushchev said, "We value trade least for economic reasons and most for political purposes." Everywhere in the world today the U.S.S.R. and the communist world generally are expanding their

trade relations without regard to profit considerations and Russia is measuring its success on the basis of the degree to which it is able to achieve control of the minds of those who for the moment trade economic advantage and ultimately lose their freedom. Only recently the New York *Times* made a survey of the trade offensive of the communist world and indicated that in 1955 communist trade exceeded $6 billion, that the communists have achieved footholds in 19 countries and that the increase in trade is double that of five years earlier. Indeed, at this very moment China is engaged in a trade offensive in Asia and Europe involving farm products, cement, textiles, manufactured products and the like. It affects us here. The U.S.S.R. is engaged in similar conduct with respect to aluminum, rails and general production.

I place before the house as worthy of attention that one of the courses we must take is the reconsideration of the resources of the international monetary fund and the international bank to the end that we will be able to achieve that degree of economic stability within the free world which will permit, indeed encourage the expansion of trade so that we can meet this offensive. For as the Leader of the Opposition said this afternoon, this is one of the major means being used by the communists today to undermine the stability and strength of the free world. The Secretary of State for External Affairs pointed out in a similar statement that the economic stage is one of the most important today, and one that challenges the free world by the tremendous danger that faces our trade and economic welfare by reason of this communist campaign.

I suggest that the international monetary fund, having played a useful part particularly in the last two or three years in helping countries tide over the rough spots in any balance of payments by making available short term loans in foreign exchange, mainly United States dollars, Canadian dollars and deutschemarks, deserves further assistance at this time. The fund has resources in gold-based currencies amounting to about $2,750 million, more than half of which are already committed in stand-by credits. I believe that consideration must be given to an increase in quotas of 50 per cent which would bring in an additional $3,000 million in gold and useful currencies, the result of which would be, according to the economists, substantially to increase the liquid assets underpinning world trade and give confidence to members of the fund that help would be available in case of need, so that they would not have to impose fresh import restrictions to deal with a temporary balance of payments problem.

In so far as the international bank is concerned, that position is also one that deserves attention. All the uncommitted countries of the world today look to the international bank for help in their development programs. The bank has become the main source of dollar capital for this purpose, with loan commitments now approaching $4,000 million. The main source of funds for lending is now the sale by the bank of its debentures to private investors. These debentures can be sold readily on account of the guarantee provided by the United States, and by other financially strong countries, of 80 per cent of their capital subscriptions. I suggest that if the bank continues to lend at the current rate it will, within a couple of years, have to issue additional debentures, which would bring its obligations within sight of the amounts guaranteed by the United States and Canada. In other words, by an increase of the guarantee from 80 per cent to 160 per cent of national capital subscriptions, there would be an increase in the banks borrowing power by several billions of dollars. Such action at this time would assure the less developed countries of the possibility of further assistance and would build a bulwark against the communist advance in the uncommitted countries. This would shore up those countries economically and give them new hope to meet the economic challenge of the communist world.

I mention this because the Leader of the Opposition dealt at some length with the need for economic action in the Middle East. His plan was a United Nations plan, as I understood it, the contributions to which were to be made by all countries, including the U.S.S.R. While naturally any step in that direction would be welcome, I am sure that the experience of the hon. gentleman in the past does not lead him to look too hopefully on the attainment of the objective that he mentioned, however desirable it might be.

Those were two of the matters to which the hon. gentleman gave particular attention. I come now to the question of a summit meeting. I betray no confidence when I say that the Secretary of State for External Affairs did, in the last week or ten days, give the leadership to break the deadlock which seemed to result from the original letter from Mr. Khrushchev offering a summit meeting. The press of our country have been generous, and have been mindful of his contribution and of the action taken, which I am glad, in general terms, has received the support of the opposition. The fact that we believe there is a responsibility in Canada in the Middle East as a threat to the world, is indicated by certain courses that are about to be adopted.

At the present time we have an ambassador in Cairo who is accredited to Lebanon, with Lebanon being in charge of a charge d'affaires. We have an ambassador in Athens who is accredited to Israel, and a charge d'affaires in Tel Aviv. With the problem of the Middle East so much in our minds, and the need of having the closest relationship with those countries so that we may be assured that our views shall receive full consideration and also to strengthen our relations both politically and commercially and, as I said a moment ago, through our missions, to increase our knowledge and understanding of the area, and of our confidence in its future, we intend within the next few days to initiate negotiations with the governments of Israel, Lebanon and Iran, with a view to setting up full, permanent diplomatic missions in the capitals of these three countries. These countries represent to us the standard bearers of freedom in that section of the Middle East which, up to the present time, have not received the diplomatic representatives which they had been desirous of having and have been entitled to have.

Having mentioned that, I now want to say a word in regard to the general question of a summit meeting, and some of the ideas and views that were held by the government with respect to this meeting. I think in the last few days events have moved very quickly. Mr. Khrushchev, having first advocated the necessity for a summit conference outside of the United Nations, finally agreed that the summit conference might be called in connection with the United Nations. It is the United Nations aspect of the forthcoming meeting that I think deserves the most serious consideration at this time.

I want to give you something of the thinking of the government on this matter for this meeting may well constitute a precedent for similar meetings in the future. Generally speaking, Khrushchev's prompt acceptance of the suggestion that the discussions between the representatives of the great powers should take place before the security council, not at a separate meeting at Geneva or elsewhere, does underline the authority of the United Nations. It was my view that any attempt to deal with the subject of the Middle East, with which the United Nations was seized, outside of the security council at this time would derogate from the real authority of the United Nations.

I think generally speaking—and it has been evidenced here today—there is reasonably general agreement that the proper auspices for the holding of this meeting should be under the aegis of the United Nations. There, there are rules of procedure which provide for the calling together of a special group of nations as has been suggested, and any additional nations upon which the security council agree. In the interests of continuing peace which, after all, is the supreme purpose to which this country is dedicated, we believe there is being offered an opportunity to strengthen the security council and the United Nations by demonstrating that the rules that already are in existence which govern its activities are effective to deal with present problems. To have a separate meeting of nations to deal with specific problems which the security council itself has been discussing would, I repeat, be nothing less than a declaration to the whole world that the security council is incapable of carrying out the duties and responsibilities for which it was created.

We took a lead in this regard because while from the point of view of population we are still one of the smaller nations, we believe —and I think the belief is held generally throughout the whole world as the hon. member for Vancouver East (Mr. Winch) said —that smaller nations must be recognized and their rights upheld in the United Nations and the assurance of their viewpoint being placed before the United Nations maintained. It is for this reason that we take the view that a formal council meeting to initiate the talks between the heads of government concerned, after the procedure has been determined by the security council regular membership, should be attended by the heads of government able to be present. For it is in the full security council that the heads of government of the major powers, in whom our destiny rests in such large measure, can best explain their policies and having done so obtain the moral support needed to carry them out in accordance with the rule of law as symbolized in the charter of the United Nations.

It may not be possible for all heads of government to attend the special security council meeting of which I am thinking but I hope as many as possible will attend. I believe that they should request the great powers to meet and after quiet and reasoned discussion—the four powers to meet in private —to report to the security council on the issues. To this end Canada is prepared to take all necessary steps. Instructions are therefore going forward to our permanent representative to the United Nations to consult immediately with the secretary general, and with other delegations to the end that urgent consideration be given to the further steps necessary if this heads of government meeting of the security council is to pave the way for practical discussions and hoped for solutions of the problem which beset the

Middle East area. To that end we believe that some preparatory meetings of the security council, as I said a moment ago, in regular session will have to be held within the next few days to work out the details, for all of us must appreciate the fact that a top level meeting of that body, to the success of which mankind attaches such great importance, may take some little time to arrange.

In achieving this purpose and laying the proper foundation, we will be guided by the wisdom and experience of the secretary general in setting the necessary procedures in motion and a broad pattern will be sought. The procedure is something as follows. It will be first necessary to inscribe on the agenda of the security council in regular session an item sufficiently broad to permit not only a discussion of the problems of Lebanon and Jordan, of which the council is already seized, but to move on to those more deep-rooted issues which affect the area as a whole and of which, as the Leader of the Opposition said this afternoon, the Lebanese and Jordanian crises are but a manifestation.

When my hon. friend spoke this afternoon of the rise of Arab nationalism I thought of the book by Nasser entitled "Egypt's Liberation". That little book of 120 pages or so is the blueprint upon which Nasser has proceeded. He set the course out as clearly as ever did Hitler whose viewpoint in Mein Kampf few regarded seriously until it was too late. Indeed as one reads this book and sees something of the psychological influences which were referred to by the hon. member for Brandon-Souris (Mr. Dinsdale) this evening he realizes something of the tremendous forcefulness and tenacity of purpose which Nasser has exhibited in bringing about first among the peoples in that area a realization of their nationalism and also using that nationalism under the activating influence of the U.S.S.R. for purposes which brought about the conditions existing today in that area. After dreaming his dreams, giving his viewpoint, revealing his innermost thoughts, he says:

> The pages of history are full of heroes who created for themselves roles of glorious valour which they played at decisive moments. Likewise the pages of history are full of heroic and glorious roles which never found heroes to perform them. For some reason it seems to me that within the Arab circle—

This book was written or published in 1955.

> —there is a role, wandering aimlessly in search of a hero. And I do not know why it seems to me that this role, exhausted by its wanderings, has at last settled down, tired and weary, near the borders of our country and is beckoning to us to move, to take up its lines, to put on its costume, since no one else is qualified to play it.

There is the story. He took the role. He did what the Leader of the Opposition said today. He fomented. He aroused. He inspired. That is why, because of this matter of nationalism, the Arab countries cannot be taken for granted. It is one of the questions that deserves the most serious consideration by this summit meeting.

As far as the inscription is concerned, perhaps the item need be no more specific than "The Question of the Middle East", and I would hope that all members of the security council would find it possible thus to set the stage for discussions of an area which has been the focal point of so much strife and international tension in recent years. The heads of government when they meet at the special session of the security council, as I hope they will—and everything I have said is based on that meeting taking place—would address themselves to this broad problem and would express their concern and make available their ideas to those nations both in and out of the council whose interest in the Middle East is of a more direct nature. All of us recognize the primary responsibility of a few in this matter but the manner in which they discharge that responsibility is of vital concern to all nations great and small, both inside and outside the area concerned. Canada as a middle power occupying a strategic position wants the right to speak on this occasion.

As far as Canada is concerned, we believe that after the general discussion and after the opening statements, if that viewpoint is accepted in the security council, those principally concerned with the Middle East, namely the four or five powers mentioned by the Leader of the Opposition would be able to carry on their deliberations in private. I could not be more in agreement with the member for Essex East with respect to his remarks when he described what a conference of this kind might be if it were conducted under the glare of klieg lights and transmitted to all parts of the world by television. I believe we must free those at this meeting from the temptation to use it in order to turn it into a propaganda agency, for to do so would indeed be to hold back the advance of what I hope will be a reasonable degree of security in the Middle East and a realization, through discussion of the problems, by all parties, of the need for a decision to be arrived at.

If this were generally agreed Canada would be prepared to introduce a resolution at the special session of the security council calling on the permanent members most directly concerned with the Middle East to meet at the heads of government level in order to

carry forward the discussions initiated, in the council in full session, with the secretary general present in an appropriate capacity.

Some reference was made to the need for other nations to be called in, in particular India, and I am one of those who believe, with the Secretary of State for External Affairs that Mr. Nehru has a contribution to make at this time. Provision has already been made by article 31 of the charter which provides as follows:

> Any member of the United Nations which is not a member of the security council may participate, without vote, in the discussion of any question brought before the security council whenever the latter considers that the interests of that member are specially affected.

Finally I would suggest that our resolution should call upon the secretary general to report the results of the private deliberations to the end that the people in the various countries concerned would have some knowledge of the discussions taking place. The question arises as to where to hold the meeting and much has been said about New York being the United Nations headquarters. Others have pointed out the possible dangers of holding a meeting in that city but there is naturally preference for New York out of regard for the necessity of preserving and consecrating, if I may use that word, the United Nations aspect of the proceedings which is of paramount importance. It would therefore seem logical on the whole to hold the initial high level security council meeting in New York but, if as a result of the general discussions or the full consideration of the problem in all its ramifications, it was decided that the meeting should be held elsewhere, I would remind the house that when I wrote to the Soviet union leader on January 18, 1958, I said:

> You may be aware that there has been a suggestion in the Canadian House of Commons that the government might invite the participants in such a meeting to consider holding it in Canada. This suggestion was undoubtedly prompted by the consideration that Canada is the next-door neighbour of the United States and the U.S.S.R. and has a special relationship to commonwealth countries and to France. I can assure you, Mr. Chairman, that when the participants decide that they are ready to call such a meeting and should they decide to hold it in Canada, they will be welcome.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: There are several other matters with which I wanted to deal on this occasion, including the matter of disarmament, but I think I have covered in general the immediate problem, namely that of the meeting and the attitude of Canada towards that meeting. I repeat what I said originally that I believe Canadians as a whole are proud of the fact that Canada took the initiative in bringing about the attainment of this meeting in which the hopes of mankind will indeed be reposed.

In conclusion, I remember well, in April of 1945, at the United Nations meeting in San Francisco, seeing the beginnings of that organization and feeling the hopes then held for the success of a world organization which would preserve and maintain peace. The United Nations Organization has had its ups and downs since 1945. It now has what I believe is its appointment with destiny and I hope—and I am sure this hope is being expressed throughout the world not only in the free world but behind the iron curtain—that if the summit conference takes place, in good sense and with appreciation of the awful consequences of failure, the participants, through the security council, will go forward with the feeling that whatever the cost we must endeavour to attain at least some degree of assurance of security which has not existed in recent years. It is almost too much to hope for, but while there are some who say "why discuss these matters when past discussions have not been successful," I would like to remind the house that it has also been said, "While they are talking they are not fighting." One has only to go back to the remarks of Lord Grey in his memoirs when in reference to 1914 he said that if the nations in Europe had continued to talk rather than arriving at the conclusion that further talks were useless, world war I could and would have been prevented.

This meeting can be the crossroads for a new future. That is my hope and that hope has been shown in abundant measure today in the opening speech of the Secretary of State for External Affairs and in the contributions made by the Leader of the Opposition and the other hon. members who have spoken here.

Motion agreed to.

BUSINESS OF THE HOUSE

Mr. Chevrier: Mr. Speaker, I presume the business for tomorrow is as announced last night?

Mr. Green: Yes, Mr. Speaker, the estimates.

It being three minutes after ten o'clock the house adjourned, without question put, pursuant to the order of the house passed on July 14.

ANSWERS TO QUESTIONS

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

MOTOR TRANSPORT MAIL TENDERS, GLOUCESTER COUNTY, N.B.

Question No. 119—**Mr. Robichaud:**

1. Have public tenders been called for the motor transport mail route from Pokemouche to Bathurst, Gloucester county, New Brunswick?
2. If so, what are the names of those who submitted tenders, and what was the amount of each tender?
3. To whom was the mail contract awarded?

Answer by: **Hon. W. M. Hamilton (Postmaster General):**

1. Yes.
2.

Léon J. Boudreau, Maisonnette	$ 8,000
Alfred John Daigle, 956 avenue St. Peters, Bathurst	8,000
Herbert Wilson Savoy, Pokemouche	8,000
Vincent Savoie, Evangéline	8,700
Clifford Boudreau, Bathurst	8,990
Médéric P. Chiasson, Bathurst	9,490
Adelbert Landry, Ste. Anne du Bocage	9,949
James Landry, Ste. Anne du Bocage	11,600
Leonard Doucet, Bathurst	12,000
Herbert Allen Branch, 222 St. George, Bathurst	14,000

3. Herbert Wilson Savoy.

Questions

CONSUMER PRICE INDEX VARIATIONS

Question No. 161—**Mr. Deschatelets:**

1. What was the variation of the consumer price index for the following commodities in the months of June, 1957 and May, 1958, on (a) food; (b) shelter; (c) clothing; (d) household operation; (e) other commodities and services?
2. What was the variation of price index on farm machinery in the months of August, 1957 and January, 1953, for (a) eastern Canada; (b) western Canada?

Answer by: **Hon. Gordon Churchill (Minister of Trade and Commerce):**

1. The variation of the consumer price index for the following commodities and specified dates is:

	June 1957	May 1958	Percentage change
(a) Food	117.7	122.7	4.2
(b) Shelter	134.8	137.9	2.3
(c) Clothing	108.4	110.0	1.5
(d) Household operation	119.1	120.7	1.3
(e) Other commodities and services	126.5	130.6	3.2

2. The variation of price index on farm machinery for eastern and western Canada for specified dates is:

	August 1957	January 1958	Percentage change
(a) Eastern Canada	225.1	237.9	5.7
(b) Western Canada	224.2	235.4	5.0

HOUSE OF COMMONS

Saturday, July 26, 1958

The house met at eleven o'clock.

COMMITTEES OF THE HOUSE

PRIVILEGES AND ELECTIONS—CONCURRENCE IN FIRST REPORT OF STANDING COMMITTEE

Mr. Heath Macquarrie (Queens) presented the first report of the standing committee on privileges and elections, and moved that the report be concurred in.

Motion agreed to.

Second report of standing committee on industrial relations.—Mr. Small.

Second report of standing committee on marine and fisheries.—Mr. English.

UNITED NATIONS

INTERNATIONAL MONETARY FUND—STEPS TAKEN TO INCREASE RESOURCES

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): I should like to direct a question to the Secretary of State for External Affairs. In view of the Prime Minister's statement last night calling for an increase of $3 billion in the resources of the international monetary fund and a very large increase in the lending capacity of the international bank, can the minister tell us whether the Canadian delegation to the economic and social council of the United Nations, which is currently meeting at Geneva, has been instructed to pursue these important objectives and, if so, with what result?

Hon. Sidney E. Smith (Secretary of State for External Affairs): I will take that question as notice, Mr. Speaker, except that I make this observation. I am not clear that this is a matter for representation to the economic and social council. We are represented on the boards of the international bank and the monetary fund.

THE CANADIAN ECONOMY

ROYAL COMMISSION ON ENERGY—REPORTED STATEMENT ON CONCLUSION OF SITTINGS

On the orders of the day:

Mr. H. J. Robichaud (Gloucester): I should like to direct a question to the Prime Minister based on a report in *La Presse*, Montreal, dated July 23, to the effect that the Borden commission has completed its hearings for the whole country. Will the Prime Minister clarify the present situation in the light of the contradiction between this report and his statement to the house on Tuesday that the commission would hold sittings in the Atlantic provinces at a later date?

Right Hon. J. G. Diefenbaker (Prime Minister): I thank my hon. friend for having given me notice of this question. All that has been completed is the hearings before the issuing of an interim report. There will be a resumption of hearings after the interim report has been completed, and then there will be hearings, as I said the other day, in the maritime provinces.

ARTS, LETTERS AND SCIENCES

CANADA COUNCIL—STATUS OF CIVIL SERVANTS AWARDED SCHOLARSHIPS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I wish to address a question to the Prime Minister. I have been informed that some persons awarded scholarships by the Canada Council have been denied the opportunity to take advantage of these scholarships because they are civil servants. Can the Prime Minister inform the house of government policy in this respect, and would he have this matter looked into to see that there is no conflict in policy or with the government's intentions?

Right Hon. J. G. Diefenbaker (Prime Minister): I just received this notice before coming into the house and I have no knowledge of the matter in question, but will give it consideration and will communicate with the Canada Council with a view to being able to answer the hon. gentleman at an early date.

ST. LAWRENCE SEAWAY

REPORTED LAY-OFFS FOLLOWING TRANSFER OF 14-FOOT NAVIGATION

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I direct a question to the Minister of Transport. The Cornwall *Standard-Freeholder* of July 23 carries a statement to the effect that the superintendent for the Ontario-St. Lawrence canal system announces the retirement of 122 men on the canals who are affected by the transfer of 14-foot navigation from the Canadian side to the United States side. The article goes on to state that 50 of these men

will find employment, following the plan to which the minister referred earlier, in other branches of the Department of Transport. Then the superintendent goes on to say that the remaining 70 or 72 men will be laid off on September 1. My question is, what will happen to these 70 or 72 men who will find themselves without employment on September 1?

Hon. George H. Hees (Minister of Transport): I am not sure. As I assured the hon. member and stated in the house, everything will be done that is possible to find employment for the men who are laid off.

Mr. Chevrier: May I ask a supplementary question. What I think the superintendent is saying is that pursuant to the plan of the minister employment has been found for 50 men. My question was directed to the remaining 70. What will happen to them?

Mr. Hees: I take it the statement is self-explanatory; that it has been possible to find jobs for 50 of the men but there are not jobs to be found for the other men, unfortunately.

FINANCE

REPORTED INCREASE IN INTEREST RATE ON MUNICIPAL BORROWINGS

On the orders of the day:

Mr. Erhart Regier (Burnaby-Coquitlam): Would the Minister of Finance care to make any observations on the growing number of reports that interest rates on municipal issues are rising?

Hon. Donald M. Fleming (Minister of Finance): I do not think there is any comment that could be usefully made on that subject. Within recent times there have been movements in the market. There were movements in the market in May and June, and there have been movements in the market since. I do not know what particular date my hon. friend is referring to, and if he would care to indicate that I shall be glad to comment if I can usefully do so.

Mr. Regier: I have cases on record where investment houses sent amending telegrams to municipal councils changing their previous offerings and indicating a rise in interest rates after the minister's bond conversion announcement.

Mr. Fleming (Eglinton): I can say, Mr. Speaker, that since the announcement of the conversion loan the current quotations on some provincial issues and some municipal issues have risen and some have dropped slightly. There is no direct connection, I think, to be drawn between the loan and the situation my hon. friend has alleged.

POWER

SAINT JOHN, N.B.—STATUS OF AGREEMENT RESPECTING THERMAL PLANT

On the orders of the day:

Mr. H. J. Robichaud (Gloucester): I wish to direct a question to the Minister of Northern Affairs and National Resources. Now that tenders have been called and awarded for the equipment and machinery to be used in the thermal plant at East Saint John, New Brunswick, can the minister advise the house whether an agreement has been signed between the federal government and the province of New Brunswick in this regard?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, I inquired into this matter about a week ago, and I find that some tenders were called over a year ago for equipment in the Saint John East plant. I spoke to the officials of the government of New Brunswick on this matter. Additional tenders are being called of a routine sort. They do not affect the over-all agreement between the two governments. As far as the agreement is concerned, progress is being made on completing it. It has not been signed at the present time concerning the Saint John East plant.

AIR TRANSPORT

DUTIES OF ACTING CHAIRMAN OF BOARD

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I direct a question to the Minister of Transport. In a press release emanating from his office comes the announcement of the appointment of Mr. Shepard as acting chairman of the air transport board to perform certain duties. My question to the minister is this. Will the acting chairman of the air transport board have two capacities, namely (1) that of hearing applications now before the air transport board for transcontinental competition with T.C.A. and (2) will he be authorized to make an investigation into further competition in the field of transcontinental services?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, the task which the chairman of the board of transport commissioners will perform while acting as chairman of the air transport board will be limited to hearings dealing with the transcontinental route.

SUPPLY

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

POST OFFICE DEPARTMENT

304. Departmental administration, $1,886,095.

Mr. Denis: May I ask whether the Postmaster General has a statement to make before we go on with the item?

Hon. W. M. Hamilton (Postmaster General): In introducing these estimates, Mr. Chairman, I will attempt to review briefly the operations of my department since the last time the estimates came before this house, explaining some of those aspects of the operations which are not covered in detail in the department's annual report. In making this presentation I cannot help but feel that I enjoy a great advantage which was denied my predecessors in office during the period since 1953, namely that I shall not be obliged to deal with the questions of the hon. member for Notre Dame de Grace who had a great deal of curiosity about the department.

Mr. Martin (Essex East): I think the minister will find there are others who have curiosity about the department as presently administered.

Mr. Hamilton (Notre Dame de Grace): As is well known, the Post Office Department is a vast one extending into every part of Canada and serving every Canadian. Less well known is the fact that in terms of staff it is the second largest government department, being exceeded in size only by the Department of National Defence. Some 25,000 civil servants plus another 25,000 people composed of revenue postmasters, rural mail carriers and various other categories, handle an average of 10 million letters a day through 12,000 post offices. Each day our rural mail deliveries cover 133,000 miles; translated into other figures this represents the fantastic annual equivalent of some 55 return trips to the moon. In the cities, letter carriers in the course of their work walk over 6 million miles a year—an equivalent figure is 240 times around the world. An average letter posted in a street letter box in one city and delivered to its destination in another will undergo a minimum of ten individual handlings in the course of its journey; yet the post office is so smoothly functioning and so efficient that the same first class letter deposited in any major city in Canada will normally be delivered within 24 hours in most other major centres in our country.

On the other hand, the department does not claim perfection; human beings are fallible, and in the process of handling these 10 million letters a day to which I have referred it is impossible to avoid the occasional mistake. The percentage of error, however, is extremely small, on an average one hundredth of one per cent or one piece of mail in ten thousand, which figure represents delays, mis-sorted mail and even the occasional letter which disappears and can never be found. But compared with any business operation of which I am aware I think the record of the post office is outstanding.

I will now review the financial operations of the department. The year 1956-57, which is covered by the report available to members of the house, showed total revenues of close to $168 million with total expenditures of just over $162 million, and a favourable balance of $5,827,000. I am not going to attempt to give a further detailed review of this particular period, first because it ended some 15 months ago and second because whatever I might say in that connection is available to members in the published report covering the operations of the Post Office Department.

In the year ending March 31, 1958, for which period the report has not yet been issued, the total postage receipts of the department amounted to $164,899,000, or an increase of $9,122,000 over the preceding year. In addition to these postage receipts the department enjoys revenue from a number of other sources, primarily fees on postal money orders, the rental of post office boxes and the payment from other countries for the handling of certain types of mail. The total of this revenue was $12,534,000, or an increase of $482,000 over the previous year; and with the inclusion of one or two minor adjustments representing $50,000 or so we arrive at the significant revenue figure for the Post Office Department for the year in question of $177,493,000, or an increase in total of $9,604,000 over the preceding year.

The department's disbursements for the same period totalled $177,893,000, or an increase of $15,843,000. Deducting the total disbursements from the total receipts the department therefore shows a net excess of disbursements over revenues of $399,901, and this compares with a net excess of receipts over disbursements to which I have already referred for the previous year of $5,780,471.

There are those who refer to this difference between the receipts of the department and its disbursements as the department's profit or loss on the year's operations, an assumption which is not strictly correct, because not included are such items as the cost of mail which is carried free for government departments, the cost of public buildings which are supplied free to the department by the Department of Public Works, and perhaps

one or two other items. But the figure does provide a very adequate method of assessing the operations of the department.

Hon. members will have noticed a change in the department's net position from what might be termed a profit of $5,780,000 in 1956-57 to what might be termed the loss of some $400,000 in the year under discussion, and I should like to set forth the major reason for this change. Incidentally, these reasons were forecast some ten months ago in the last annual report of the department, which said:

> It is advisable to draw attention to the fact that again in the coming fiscal year very heavy additional expenditures are in prospect—expenditures which are quite beyond the control of the Post Office Department.

The report then continued to outline these additional expenditures which have resulted in the figures which have been given to the house.

The largest single item of increased expenditure was in salaries paid to post office employees, $8,312,000 to our civil service staff proper plus $1,824,000 to revenue postmasters, making a total increase of $10,136,000. While a portion of this increase represented staff required by the increase in the volume of our business, the great majority, represented by some $7,500,000, resulted directly from the general civil service salary increases which became effective on May 1, 1957. An 11 per cent increase was also granted in January of 1957 to the railways in mail payments, and this is estimated to represent a cost increase of $1,250,000.

These two increases, totalling $8,750,000, could be added to in a great many cases, each representing an increased payment for exactly the same quantity of work performed or of goods and services received, and it becomes clear that even had the post office operations remained at exactly the same level as in previous years our previous favourable position would have been completely wiped out and would have been represented instead by a net loss of several million dollars.

In actual fact we did enjoy a substantial increase in the volume of our operations and this brought with it increased revenue. But increased revenue also brings with it increased expenditures, and these increases have been still further augmented by the natural growth of our country and the need to increase such postal services as rural mail routes and the like. Typical of such increases are those of $2,636,000 in salaries over and above the increase necessitated by the general salary revision, $2,036,000 for mail services by ordinary land conveyance, which includes the rural mail delivery, and an increase of $1,478,000 for mail service by air.

In addition, very briefly, there is another factor which was at work during the year under discussion, one which it is impossible to measure exactly but which we know affects the operations of the post office adversely at certain times as far as its revenues and expenditures are concerned. This is what we might call the revenue mix, and it relates to the various types of mail and the volume of each which is handled. It is important because certain classes of mail bring to the post office more revenue than others in relation to the cost of handling them. When business conditions become at all unsettled there is a certain falling off in first class profitable mail and a substantial increase in such comparatively unprofitable fields as third class mail, circular mail you may call it, since business firms begin to more actively solicit business by mailing advertisements, circulars, and the like.

Having reviewed the financial position of the Post Office Department over this period, I would like to summarize briefly the conclusions and then proceed to some other aspects of our operations. While the revenues of the department have increased, the expenses have increased at a faster rate in the year under discussion so that we are almost exactly at the break-even point where revenues and expenses are equal. The increases in our expenses are due to factors over which the department has no control, such as cost increases for the same services performed and cost increases due to increased volume of work required. There is some evidence that the unprofitable types of mail increased in the year under discussion. The fact that cost increases totalling $8,750,000, from which the department enjoyed no advantage, could be absorbed and net revenue decline only $6,180,000 shows that in the year under discussion the department has operated at a substantially higher degree of efficiency than previously.

I would now like to turn to a review of specific aspects of our operation during the past year. In order to try to be as up to date as possible I will take the period from the beginning of July, 1957, to the end of June, 1958. In that period, of course, the most outstanding feature was the congress of the universal postal union. I must say that I have been touched greatly by the wonderful things which have been said about the organization and handling of that congress by the postal officials of so many countries in the world, both when they were here in Ottawa and subsequently when I met them or corresponded with them. Over 100 members of our staff were available for part-time work on various functions of this conference, working to arrange the details of

the operation. We are also grateful to the dozen or so other government departments which co-operated with us.

The congress itself included over 300 delegates from 96 member countries. Together they considered over 1,200 propositions relating to the various aspects of our international mail service.

Mr. Chairman, in connection with this congress it is only fair to say that the preliminary arrangements and planning had been made by the previous administration, and that this contributed greatly to the success of the congress. We took over at a period shortly before the congress started and were helped by that previous work.

I would like, Mr. Chairman, to pay a special tribute to Mr. Walter Turnbull, the deputy postmaster general for a number of years. He was elected president of the congress and he personally directed practically all its operations. He did an outstanding job in every respect.

I would just like to say another word about Mr. Turnbull. In 1956 he announced his intention to retire following the congress, and he carried out that plan. He was an outstanding postal official who contributed greatly not only to postal development in Canada but throughout the world as a result of his contacts with various postal administrations in every part of the globe. Not everyone was always in accord with Mr. Turnbull during his term as deputy postmaster general either inside this house or outside of it, but no one to my knowledge disputed his tremendous ability, intelligence and imagination as deputy postmaster general, and at his departure he left a Canadian postal service that in case after case bears the imprint of his own achievements.

Since we are on this subject, Mr. Turnbull's successor, to whom I paid tribute last year on the announcement of his appointment and to whom I will pay another tribute at this point since his appointment has become effective, is Mr. George Boyle, who has an intimate knowledge of the department gained over 43 years in its service during which time he has risen from one of the most minor positions to the highest permanent post in the department. In an organization which has so many excellent people from whom to choose, Mr. Boyle's progress is the best indication of his own ability, and already it is possible to see additional evidence of that in his new post.

I will have something more to say about the post office staff generally a little later, but I singled out these two men at this point because of my conviction that the Post Office Department is completely dependent upon the calibre of its personnel, and my feeling also that the type of man we have as deputy postmaster general is just one indication of the worth of that personnel.

Now, with respect to specific details and changes, over the last year door to door delivery was inaugurated in 10 cities serving 28,424 calls. In centres which already had this service it was extended beyond previous boundaries to add 48,342 calls, and in addition there was new service to 31,310 billed as "fill-ins" and calls falling within existing boundaries. The total number of new calls added under these three classes was 108,076.

While I am on the question of letter carrier delivery I might refer to two a day delivery, because this question of the return to two a day delivery of mail in the residential sections of our country where letter carrier service exists has often been discussed in this house. Hon. members will recall that it was abolished in 1952 by the previous administration.

In every aspect of postal service it is necessary to balance off those things which we might like to do against the cost of providing the service concerned, and these same considerations apply in this particular instance. In the last few years hours of work have decreased and rates of pay have increased, so that the resumption in residential areas of a second delivery a day at the present time would cost something in excess of $6 million a year.

In addition to the cost factor, conditions have changed in the past few years, with the result that a great deal more mail moving between cities is available for delivery in the cities of destination on the morning delivery, and also many arrangements of routes have been undertaken so that areas which faced particular problems at the change-over are now better served and more satisfied.

Over the years I have made a point of checking with people across this country on their reactions, and I have found that the average householder seems to feel that he is adequately served with one delivery a day, although business firms often find it an inconvenience when they are faced with that particular situation. I might just mention that such business firms and householders, if they are particularly interested, are in a position to obtain lock boxes at the local post office and thus pick up their mail several times a day.

Taking all these factors into consideration I have concluded that any general resumption of the two a day mail delivery in residential areas is not now warranted. However, every effort is being made to deal with

local situations in a way satisfactory to individual patrons, and I am convinced that we can render satisfactory service in this way without the great increase of cost which would be entailed in the general resumption of two a day mail service.

In rural routes 74 rural routes were established to provide service to 11,500 patrons. In addition, 728 existing routes were extended to give service to 4,500 patrons. Twenty-eight revenue post offices were established in rural areas. Fifty-nine sub-offices and four new postal stations were opened in cities. To me a point of particular interest are the stamp vending machines, which many people find helpful. I feel that government stamp vending machines, which provide service 24 hours a day and give full value for the money inserted, are a great convenience to the public and therefore we are trebling the number available.

The choice of subjects and designs for postage stamps has been a subject of careful study, because we desire to produce stamps which will receive general approval of the public that uses them. Because stamp design is essentially a matter of aesthetics, and human tastes differ in that field perhaps more than in any other, we have to resign ourselves to the fact that it is unlikely that any stamp is ever going to be issued which will receive universal acclaim. However, steps are under way to establish an advisory committee on postage stamp design, because I feel that the views of a representative group of Canadians will be helpful in determining subjects and designs which will be most satisfactory to the majority of Canadians.

Because of changes in rail schedules and equipment which make it impractical to handle mail over certain routes where it used to travel, we have instituted additional highway services which are providing equal or superior connections.

Recently our regulations covering certain types of insertions in magazines and periodical publications were relaxed so that Canadian publishers might compete more successfully with publications coming into Canada from the United States.

During the year under discussion 55 new federal buildings were occupied by post offices, including two major projects, one in Vancouver and one in Winnipeg, which contain extensive mechanical mail handling equipment. One machine in operation at both Vancouver and Winnipeg is an electronic device for the sorting of parcels which is probably the most modern anywhere in the world. In addition to our new buildings, we have 16 additions to existing federal buildings, and we have 118 other projects in the planning stage.

[Mr. Hamilton (Notre Dame de Grace).]

Here is something which I think members might find interesting and perhaps have not heard about yet. Because all mail originates with the public, public co-operation and understanding of our problems are a vital necessity to successful postal operation. One way to achieve this co-operation is to keep the public well informed about the post office. We have therefore produced and issued a very fine moving picture in colour and sound in co-operation with the national film board. It is expected that millions of Canadians will see this moving picture over the next few years, and that it will result in a much better appreciation of our problems and more co-operation from the general public.

I turn now to our activities which concern more directly the internal operations of the department and the mechanical handling of mail. In previous years it seemed to me that the opportunity existed for closer co-operation among the United States, the United Kingdom and Canadian postal services in a number of fields. There has always been discussion of particular problems which concern the services in these three countries and, indeed, discussions with every country in the world wherever possible, but on no occasion in recent years until Canada took steps to initiate action have there been joint meetings of the most senior officials of the three services for a wide range of discussion of the general problems with which each was dealing and the plans for the future which each was developing.

Such an interchange of information is most important at a time like the present, when it seems apparent that we are entering a period of substantial development in mail handling operations. Over the past 40 years and until the present there has been substantially little development in the way mail has been handled in post offices. About the only general change, apart from one or two new types of machines in isolated cases, has been the introduction of moving belts and chutes to transfer mail from one location to another. Other operations have remained static and heavily dependent on the manual manipulation of each individual letter or parcel. This situation has applied in every country in the world, so it is no criticism of the Canadian postal service to point out that it exists in this country as well.

The primary difficulty in mechanizing and modernizing mail handling operations is, first, that large volumes of mail are found only in a limited number of locations and then only at relatively short peak periods, so that the installation of costly and complicated machinery to deal with such situations requires economic calculations and decisions of considerable complexity. On the technical side

the development of the necessary machinery, much of which is of an electronic nature, presents again very substantial difficulties. Most mass production operations deal with a standardized product. The mail stream varies widely, with each unit having the possibility of differing from every other unit in such respects as the size of the envelope, the position and denomination of the stamp, the thickness of the enclosure and the ultimate destination which is involved.

As a result, while highly qualified research technicians have been at work in a number of countries, including Canada, the United States and Great Britain, for a number of years trying to develop machinery which will handle mail more effectively and more expeditiously than at present, it is only in recent months that anything has begun to appear which, when put into operation in a post office in the regular mail stream, operates in a satisfactory manner. All of these facts and a great many more, all of which have been helpful in making progress in this respect—

The Deputy Chairman: Order. The time set for the Postmaster General is up. Has he unanimous consent of the committee to continue?

Some hon. Members: Agreed.

Mr. Hamilton (Notre Dame de Grace): Thank you, Mr. Chairman; about another ten minutes should cover it. I regret that we have 15 months to cover since the last annual report. All these facts to which I have referred were discussed at a series of meetings which have been held during the last year between Canada, the United States and Great Britain. One of the results of these meetings has been to convince us in Canada that the British post office has developed certain types of machines which should be of great help to us in this country, and we are in the final stages of discussion to enable us to instal prototype units of this equipment so that we may examine them under Canadian operating conditions and determine how extensively they may be used in our country. What our course of action will be after that I do not know, but certainly we should examine and study means which we feel are now available to speed and improve our mail delivery.

I have no doubt that within the next four to five years we will see the commencement of radical changes in mail handling techniques, and that within the next decade these same techniques will be widely employed in our Canadian postal service. In introducing them our prime purpose is to speed up and make more effective the handling of large volumes of mail, and to introduce machinery for certain laborious and unskilled post office tasks. It cannot be anticipated that this machinery will make any appreciable reduction in our permanent personnel, first because many of our jobs represent work which can never be mechanized—letter carriers are a good example—and second because the steady increase in volume of mail now demands a steady increase in our personnel, and the purpose of the machinery is to allow us to handle a larger volume of mail more quickly and effectively with the same number of people.

I should like to say a word about our own major project in the Canadian postal service. It is the electronic sortation machine on which close to $3 million has now been spent for research and development. The basic concept of the machine shows promise, but at no point up to the present could it be said that the machine is anywhere near the point at which it might be placed, even on a trial basis, in a post office to test it on regular mail for any extended period of time. I think that point should be made quite clear, Mr. Chairman. We are currently engaged in a very careful reassessment of this machine to determine our future course of action so far as it is concerned.

May I say a few words now about staff management, which is of interest to many members of the house. The general personnel policy of the Post Office Department, including staff training and development, is a well advanced and creditable one. As part of the department's program of management development, there was a marked increase in the number of officers and supervisors who rotated jobs or were assigned temporarily to other locations for varying periods according to individual needs. In this way we secured an interchange of ideas and information between headquarters and the field which is tremendously valuable in a widely extended operation such as our department.

A series of coloured slide films was produced within the department to give an over-all picture of the postal service and to acquaint our headquarters staff with postal operations, as well as to help indoctrinate new employees. We also use these slide films as visual aids to training.

We started in recent periods an accident prevention program in the Montreal post office. This resulted in such a substantial reduction in the number of accidents and the number of days lost as a result of accidents that the program was extended to the Toronto and Ottawa post offices.

We decentralized still further, giving the senior field officers wider authority for leaves. Headquarters no longer maintains individual records of staff for the larger field offices, nor any personnel records at all for part-time

employees in the larger offices. This reduced the records staff at headquarters without any corresponding increase in the field.

The usual pattern continued of a percentage increase in staff of about half the percentage increase in the volume of mail. The turnover in our staff showed a moderate drop from 11 per cent to 9 per cent per annum. During the period I am reviewing the remuneration of 594 mail service contracts was adjusted upward to offset increased operating expenses and to bring the rates to a level comparable with those paid for similar work.

One of the heaviest burdens on our letter carriers is what is known as household circulars. A change has allowed these to be delivered on Monday as well as other days in the week, and this has spread the load to the advantage of the letter carriers and improved the service to the mailers.

Mr. Benidickson: What did the minister call that?

Mr. Hamilton (Notre Dame de Grace): Householder circulars; a type of third class mail which the postman drops in at each house at which he calls.

To meet the constant problem of quickly providing suitable uniforms to new employees a change was made in the method of ordering and stocking them. It seems to me that this will improve both the appearance and morale of the new members of the uniformed staff.

Very special attention has been given to safeguarding the cash and postal values, particularly in the face of a substantial increase in the number of burglaries throughout the country, which applies incidentally not only to the Post Office Department but to other sections of the economy as well. Additional burglar alarms have been installed and additional safes have been supplied. More use is being made of night depositories in banks and other security measures have been introduced, designed to offer the maximum protection to the public whose valuables we hold.

Inquiries, which improve the post office service because they enable us to locate possible weaknesses and correct them, are being more effectively analysed and followed up on a national basis. We have established a more uniform system of processing them.

We have a work management program which involves the measurement of mail volumes processed, hours worked, and in most cases work standards. During this period the program was extended from certain major sections of eight of our largest offices to two additional offices.

It seems to me this is a very important part of our operation, because the results of the program make postmasters and supervisors aware of the salary costs of various sections of their offices. It assists them also in studying operational conditions from the point of view of more effective use of staff. Finally, it instils a spirit of teamwork amongst employees and an ambition to better production. I can recall going into a post office in Winnipeg on one of my inspection trips and finding a large blackboard there on which the previous week's results were posted. A spirit existed in that post office, and exists in many others, of teamwork and a sincere desire to do a little better next week to improve those figures.

Here at headquarters, I think members will be very interested to know, we have installed one of the most modern machines available, a Univac 120 in our financial branch. This is an electronic accounting machine which will process the post office savings bank accounts and reduce the routine clerical work in that connection. We also use it to process the salary payments to revenue postmasters. It is estimated that these two uses of the machine will save the department $26,000 per year. I might just mention, in case the question comes up later, that this has been achieved without laying off any individual affected by the installation of this machine. There is a turnover in the department, and these people have been absorbed in other capacities. They have been called for on other jobs. Whenever we think in terms of a machine we think also in terms of our staff and the need to protect them in their jobs and not deny work through the installation of such machines.

Intensive studies of our money order system are under way with a view to developing a system based on electronic accounting machines similar to those being developed for the American Bankers Association and the Canadian Bankers Association. Again, this would reduce the routine clerical work of the department. I might say that the money order forms were redesigned during the year, and just that one little change in redesigning the money order form reduced printing costs by approximately $10,000 a year. We have improved considerably the procedures for controlling costs of the many truck contracts for parcel post, street letter box collections and special delivery in our various city services.

Now, Mr. Chairman, in conclusion may I say just one word to express a general attitude. Personally, I have not felt it possible to perform my own job without a fairly detailed knowledge of the basic operations and conditions of my department in every part of Canada. For that reason I have covered

Canada from Newfoundland to British Columbia to obtain personal acquaintance with our department and the individuals who work for it. I tried to work that out quickly this morning, and find I travelled something close to 25,000 to 30,000 miles last year in the performance of that duty. Wherever I have gone I have taken the time to talk personnally with post office employees at every level, particularly those employees at subordinate levels who never before had seen a postmaster general in their office or met him in any way.

There are eight regional postmasters' associations as well as a national association. I have attended conferences of six of these eight postmasters' associations and a national meeting as well. As to the other two, I have given an undertaking to be there at their next annual meeting. I have received representatives of our employee groups and discussed with them their problems and suggestions. Finally, I made some attempt to obtain comparative knowledge of other postal services in the world.

These subjective experiences lead me to certain objective conclusions. First, I feel that our Canadian postal service is generally the equal of any in the world and probably superior to most. We face peculiar problems in our country in this respect: a huge country with a comparatively small population which is widely distributed and with great density only in limited areas; long hauls for much of our mail; isolated areas which are difficult of access, and many other problems. We can therefore make no attempt to duplicate exactly in any part of Canada those services which some countries give under vastly different conditions.

None the less, I am firmly convinced that when all factors are taken into consideration the Canadian people enjoy a postal service as good as that anywhere in the world and probably better than that in most areas.

The greatest portion of the credit for this, Mr. Chairman, must go to the post office employees themselves. The reputation of a postal service is not achieved overnight or by some sweeping changes in policy. Rather, such reputation is the result of faithful service, faithfully performed by a host of individuals over a long period of time. I might say that the motto of the Canadian postal service is *Servire populo*, "To serve the People". That motto, that faithful public service, has been the case in the Canadian postal service and it continues to be the case. Fine buildings and good equipment, new plans and improved methods all contribute to our success but in the final analysis it is the individual postal employee, in whatever post he may be serving, who determines the effectiveness of our service.

I feel sure that I speak for every member of this house when I pay a tribute to the postal employees of Canada for their devotion to duty and the part they daily play so successfully in the operation of those basic channels of communication without which our modern society could not exist.

Mr. Denis: Mr. Chairman, I wish to say just a word of thanks to the Postmaster General for his comments and his analysis of the situation. However, in summing up what he has said I regret to say that his statement, as with that of other ministers, concludes by indicating a deficit as usual. It is far from being a break-even policy which he always advocated while he was the hon. member for Notre Dame de Grace sitting in the opposition. He has had fine experience and shown great ability since he became a member of parliament. I think he was the official critic for the then opposition. He worked hard at the job, even making research all around the department and even having access to confidential reports which the minister at the time was good enough to let him examine. Certainly in the Woods and Gordon report he found many suggestions and many statements that were extremely useful to him, just as the report was useful during the time of the former postmaster general.

After reviewing what the minister has just said we must come to the conclusion that almost nothing of what he used to say or nothing of the statements and the suggestions made by him while he was only an opposition member of parliament has been implemented since he has assumed office as Postmaster General. I recall that in 1953, 1954 and 1955 he filled the pages of *Hansard* with declarations and statements with regard to two a day mail delivery. I do not see that anything has been done since he has been the minister of this department. I can recall full pages of declarations by the Postmaster General. For instance in 1954, as reported at page 1178 of *Hansard*, before he was Postmaster General but was the hon. member for Notre Dame de Grace, sitting in the opposition he said this:

> Before I resume my seat I have just one further question. I should like to ask the minister when we in Notre Dame de Grace are going to get our second mail delivery a day.

This matter of two a day delivery of mail was a political issue during the last election. In every province and at every meeting the Tory party used that kind of political issue, making promises and commitments. Now that the Conservative party is in power, now that the hon. member for Notre Dame de Grace is Postmaster General, we are receiving letters

from all over Canada asking when the minister will put into effect the dozens of declarations and statements covering pages and pages of *Hansard* asking for two a day mail delivery. Nothing has been done. For instance, from Glace Bay, Nova Scotia, Mr. Wadden wrote to us asking when this implementation would take place.

I do not know what is going to happen if, with regard to everything the minister said while he was a member of parliament, sitting in the opposition nothing is implemented. We are going to lack confidence in the minister. At that time he was extremely efficient. Today, when he occupies the post of Postmaster General, he might realize that the situation is a little bit different. Let us consider, for instance, the increase in the cost of postage stamps from 4 cents to 5 cents. How many speeches did the minister make about that increase in the cost of postage stamps? It was a good thing to say during the electoral campaign. But now that my hon. friend and his party have obtained power, now that they have obtained responsibility, now that they have obtained a majority on account of issues of that kind, now that he is in a position to implement the commitments he has made for many years, we find that nothing has been done.

He just said that the Post Office Department is very efficient. Does he mean that in the course of two, three, four or five months every efficiency there is in the Post Office Department is the baby of the minister, or is the efficiency the result of the fact that the department was well administered previously and he is taking credit for what was done by the previous government? I do not know whether he used to talk black one day and white on another day. In 1954, as reported at page 1818 of *Hansard,* when he was only a member of parliament sitting on the opposition side, the minister said this:

> —but I criticize in the very strongest terms the Postmaster General for his administration of the department, and for many of the ways in which it is administered under his direction.

Today, however, he says everything is in order, everything is in good condition. He has made declaration after declaration inside and outside of the house to that effect. On June 24, 1958 the Victoria *Daily Times* had this to say:

> "Canadian postal department is second to none" Mr. Hamilton said, "and the common feeling that Ottawa is unaware of local problems has no basis."

On July 25 the *Globe and Mail* reported that the Postmaster General had said that his four weeks' experience on the job had shown him an organization which, basically, was working very efficiently. Was it those four weeks of the Postmaster General's experience which made this department work efficiently? I doubt it, and I think he will admit that something was done before he came to office. A little further down it says:

> Formerly a fierce critic of the decision to revert to once-daily delivery, Mr. Hamilton now believes that few householders expect or want the mailman to call more than once—

I do not know what is going to happen over the years, but it is obvious that the suggestions made by the Postmaster General have not been implemented, so we must conclude that this department was well administered by the former government and that the present Postmaster General is only continuing what was done in the past. In his statement this morning no mention was made of the suggestions which he himself put forward when he was a private member, such as the one with respect to burglar alarms.

Mr. Hamilton (Notre Dame de Grace): The hon. member must have been asleep.

Mr. Denis: Oh, no.

Mr. Hamilton (Notre Dame de Grace): That was all covered in the statement.

Mr. Denis: But I would like to know from the Postmaster General how many burglar alarms have been installed since he took office and how many thefts have occurred in the same period, just so we may compare the difference between his administration and that of the former minister. All these questions in my opinion should be answered. There is another point which I would like to raise. While the minister said inside and outside the house that the former government should cut expenditures and should stop the waste and extravagance, the minister in his statement this morning made no mention of these matters. He had an opportunity today to tell the house and the country all about the extravagance and waste and poor administration in the past, and because he did not we must only conclude that he was talking—

Mr. Chevrier: Through his hat.

Mr. Denis: I would not say that because it is not polite, but I am sure the minister knows my meaning.

Mr. Chevrier: It is quite polite.

Mr. Denis: Instead of cutting expenditures, however, he has increased them by $5,700,000; and if hon. members will look at the estimates they will see that every item is increased—

Mr. Ricard: Wages of employees also.

Mr. Denis: —except departmental administration, which has decreased by $301,633. Of

course there was the expenditure on the universal postal conference which last year cost $250,000 and we had $255,000 for publicity and advertising and so on, but still the conclusion one must draw from these estimates is that instead of cutting expenditures, for whatever reason, we have an increase of $5,700,000.

The minister spoke about electronic sorters and all kinds of machinery installed in the department, saying that he had not cut the number of employees. This may be so, though he was not very definite about it. I gather that this move will not hurt too much, but I would like to know from the minister how many employees are replaced by these electronic machines. If they have not yet cut the number of employees they may very well do so, which will stop Canadians from working in the department. When there is unemployment all through the country I do not think this is the time for the government to put in hundreds and hundreds of electronic or mechanical machines. Maybe it is a mere coincidence, but in recent weeks the civil service commission has been sending back applications for jobs to the senders because they are no longer taking records of applicants for mail carriers or clerks in the department.

Because of these facts it looks as if there will not be an increase in the number of employees of the Post Office Department, and I would suggest to the minister that the department should keep a file of all applicants for jobs such as those I have outlined so that when a vacancy occurs these applicants may be notified of the holding of examinations, rather than having to follow the newspapers every day or look at the notices in the public buildings. The minister I am sure will agree that it is pretty hard for an unemployed man to go through all the public offices to see if there is a notice of a job available to him. This is an improvement which could be made in the Post Office Department, and it is one which was advocated by the minister himself. All these questions should be answered, and the house should be informed of the cost of these electronic machines and of the department's experience in using them.

I do not think I have any more to say on this item, but I will have some other comments to make with respect to other items of the estimates. If he cannot implement the promises he made and which he repeated in the house and outside during the election campaign, he should tell us it was only for fun, that he was not really aware of anything wrong and that he was just taking a chance. And I know the present Postmaster General is in a position to say that, because he is honest and ready to comply with the truth and with the facts.

Mr. Winch: It is not my intention to speak for very long, Mr. Chairman, but I feel that on this first vote I must say a few words, mainly because the Postmaster General in introducing the discussion had one thing to say in particular. That was in part a comparison of his present position with the attitude he took while he was in opposition and, to some extent, a withdrawal of the criticisms which he had directed against the department in the past.

At the time of his criticisms, that is before June of last year, the hon. member for Notre Dame de Grace sat very close to me, right in the next row, and it is because of what he said then that I should like to ask him a question. What has happened under his administration since last June in comparison with what he said for four years when he sat two seats away from me? I do not have to refer to *Hansard* because I well remember the speeches made during that period by the present Postmaster General. Time after time he talked about two-a-day deliveries. Where are they today, and why has he changed his viewpoint? May I ask whether it is because in opposition he was irresponsible but that in government he is responsible?

May I also draw attention to a point which, though of less importance, is one which meant a great deal to the hon. member for Notre Dame de Grace in those days, when week after week, if there was ever a robbery of a post office, he got up on the orders of the day and referred to those robberies and wanted to know what was going on. I should like to ask the Postmaster General what has been the situation since he took office, and whether he has been able to give a greater degree of protection than his predecessors in office. I do not know why this matter was of such particular interest for years to the present Postmaster General, but it was. Perhaps he can now throw some new light on the subject.

May I also draw to the minister's attention the fact that when he was in opposition he felt that those who lived in small towns and villages should enjoy the same rights with regard to postal service as those living in large towns and cities. I should like to ask the Postmaster General, in view of this, what is the basic policy determining when a town may have home delivery of mail. I have received a great number of inquiries on this matter from British Columbia, but in recent days I have heard from the town of Tilbury in Ontario, and I have been sent an editorial from the Tilbury *Times*. I hope

the Postmaster General will tell us what is the policy governing conditions when home delivery can be made.

In conclusion I come to the major point. Remembering the speeches which the hon. member for Notre Dame de Grace made when he sat alongside me for four years on the costings of the department, and in particular his references to first class mail having to bear the cost of other classes of mail—

Mr. Hamilton (Notre Dame de Grace): Just so that I may understand the question and answer it adequately, would the hon. member care to give me some reference to *Hansard* where this particular observation occurs?

Mr. Winch: Mr. Chairman, I have not those references here, but I am amazed that I should remember the hon. minister's speeches better than he does himself.

Mr. Hamilton (Notre Dame de Grace): Perhaps over the lunch hour the hon. member would look up the reference, because I do not recall that there is anything in the record along the lines he has suggested.

Mr. Winch: Perhaps the hon. member would cast his mind back to the days when the previous government was making a change in the postal charges. Can he remember the days of discussion on that measure and the fight that was put up by the Conservative opposition at that time to resist those changes? Does the minister not remember his own remarks on that occasion?

Mr. Hamilton (Notre Dame de Grace): You are talking now about variations in rates—

Mr. Winch: The hon. minister does me the honour of allowing me to think I remember his speeches better than he does. The important thing is the position that was taken at that time. According to the last report of the department the post office, though naturally, of course, a public service, is a money-making proposition. All I want to ask the Postmaster General to do is to remember the position he took toward this matter while in opposition, and his opposition to first-class mail having to bear the heavy deficits incurred on other classes of mail of an industrial or advertising nature.

I merely draw this to the attention of the committee, and ask that during the course of this debate the Postmaster General will take the opportunity to outline the policies of the department in relation to the points I have sought to raise.

Mr. Carter: Mr. Chairman, the Postmaster General opened the discussion on this item by congratulating himself on his great good fortune in not having to deal with the hon. member for Notre Dame de Grace. I think enough has been said already to prove to the Postmaster General that the hon. member for Notre Dame de Grace is going to be quite a source of embarrassment to the hon. member for Notre Dame de Grace as Postmaster General.

I remember—I think we all do—that when the Postmaster General was on this side of the house he waxed very eloquent about numerous subjects. Among them were the two-a-day mail delivery, government public relations, postal surpluses, and other things almost too numerous to mention. It may be interesting to hear what the hon. member for Notre Dame de Grace had to say about the two-a-day mail service when he was on this side of the house, and I am reading from *Hansard* of May 26, 1955, at page 4146:

> We know there is no use complaining because it is going to be crammed down our throats anyway. I think that has been the attitude of the people of Canada toward this one-a-day mail delivery. I suggest this thought in that connection to the Postmaster General. Why do we not have two-a-day mail deliveries five days a week? At the present time we give a mail delivery in most residential areas once a day, and that is six deliveries a week.

Then again, on January 20, 1956, at page 362 of *Hansard*, the hon. member for Notre Dame de Grace is reported as having said:

> I should like to ask again, as I did last year, that the post office consider the re-establishment of the two-a-day mail delivery rather than the present one-a-day system which extends into such a large part of Canada. We should have a two-a-day mail delivery on a five-day week basis. I would point out that the return to the two-a-day, five-days-a-week delivery would not cause a major cost increase in the operation of the post office.

Again on May 26, 1955, at page 4146 of *Hansard*, the hon. member for Notre Dame de Grace is reported as follows:

> I should like to say a few words about twice-a-day mail deliveries. I do not agree with the attitude of the Postmaster General and the department that once-a-day mail delivery is genuinely satisfactory or acceptable to the people of Canada.

Well, Mr. Chairman, that was the hon. member for Notre Dame de Grace speaking as a member of Her Majesty's loyal opposition. Contrast that with what the hon. member for Notre Dame de Grace said this morning when speaking as Postmaster General. I did not have time to take down the exact words he used, but he did say that in considering the expression of two-a-day mail delivery we must balance what we would like to have against the cost of the service concerned, and he went on to say that this extra service would cost upwards of $6 million extra to the people of Canada but he did not stop there. He went on to say that he now believed that the one-a-day delivery was generally acceptable to the people of Canada, that the people were being

adequately served with one-a-day mail delivery and that the second delivery would not be warranted.

When we compare what the Postmaster General said this morning with what he said on this side of the house we must come to the conclusion that he has learned a great deal since assuming the burdens of office.

Mr. Hamilton (Notre Dame de Grace): Thank you; those are the kindest words that have been said this morning.

Mr. Pearson: He had so much to learn.

Mr. Carter: No member of parliament was more caustic in his criticism than the Postmaster General when he was just plain hon. member for Notre Dame de Grace, and he used to wax loud, long and eloquent on the waste and extravagance of the Post Office Department. Yet when we look at the estimates for this year we find that they have increased by $5,786,390 over last year despite the fact that in 1957-58 there was $250,000 in the estimates for the universal postal union congress, and in addition the 1957-58 estimates included an amount for the approximate requirement for increases in rates of pay, but there seems to be no item to take account of further increases in the rates of pay in the estimates for the present fiscal year. Along that line, Mr. Chairman, the Montreal *Gazette* of March 22, 1958 carried the following extract, which is attributed to the Postmaster General:

> Interchange of jobs between executives of industry and government was urged here yesterday by Postmaster General Hamilton to help businessmen to understand why the government has to employ more people than private industry to do a given type and volume of work. "If we were able to have a change of officers between private industry and government departments, both would benefit and derive greater respect for the other", Mr. Hamilton told members of the Montreal chapter society for advancement of management. The absence of the profit motive and the element of competition was cited by Mr. Hamilton as one of the "valid reasons" why government operations cannot equal the efficiency of private enterprise or its speed of adaptation to changing conditions. "The government has found it necessary to employ certain measures which may seem like empire building or unnecessary red tape to the men engaged in private enterprise, but which are actually needed to replace control by profit and competition", he declared.

The Postmaster General should tell us whether this is the answer to the accusation he used to make against the department "that it was full of waste and inefficiency". Then as late as June 24 of this year, as reported in the Victoria *Daily Times*, the Postmaster General is quoted as saying:

> "Canadian postal department is second to none", Mr. Hamilton said, "and the common feeling that Ottawa is unaware of local problems has no basis."

Does this mean that the Postmaster General is convinced that in recent years his department is and always has been efficiently run? The recent information that we have big brother listening in on our deliberations in the chamber calls to mind that several years ago the hon. member for Peterborough raised a very strong complaint about the use of television circuits in the post office in Peterborough. I believe he complained that there were 16 of them. I now have his exact words. As found on page 155 of *Hansard* for January 16, 1956, the hon. member for Peterborough said:

> I understand that some 16 of these television cameras are to be installed in the Peterborough post office. Some of them will be dummies. In the past the men have never objected very much to the use of peepholes in post offices through which inspectors can watch and check on a man whom they suspect of not being honest, but they certainly do object to television cameras. Personally I think it is a waste of the taxpayer's money. It is going to cost over $50,000 to instal them, and will cause a great deal of hard feeling. The sooner the idea is thrown out by the Post Office Department the better for this country.

As late as yesterday, July 25, an inquiry revealed that this equipment is still installed in the Peterborough office. It was understood that it was installed on an experimental basis for a trial period. Perhaps the Postmaster General can now tell the house his conclusions as to its usefulness and if he thinks it is superior to the system of peepholes and observation galleries. Perhaps if experience warrants it we might improve the equipment in the Prime Minister's office and modernize it still further by installing a closed television circuit.

There are many things that I think would be very entertaining to us and very embarrassing to the Postmaster General, but I must desist from this pleasant occupation in order to deal with matters which are more urgent and pressing in the province from which I come. The first matter I wish to deal with is the position of revenue postmasters in Newfoundland. The Post Office Department report for 1957 lists 636 post offices in operation on March 31, 1956. It does not give any breakdown to indicate how many are staff post offices or semi-staff post offices, but I would assume that between 400 and 500 or approximately 75 per cent would be revenue post offices and that in the majority of these the postmasters would, in addition to their postal duties, have to carry out duties on behalf of Canadian National Telegraphs.

I have already referred to the plight of the postmaster-telegrapher in the house on many occasions, and I am not going to repeat what I have said before. My latest reference to the matter was on May 19 of this year, and

earlier references in detail can be found on page 2235 of *Hansard* for April 20, 1951, and page 442 of *Hansard* for January 23, 1956.

The reason I bring the subject forward now is that Canadian National Telegraphs have recently made a decision, now in process of being carried out, to convert the equipment in these combined postal and telegraph offices from wireless telegraph to radiotelephone. As a result of that change many postmasters have suffered a serious decrease in that portion of their salaries which was paid by Canadian National Telegraphs, and the urgent question in the minds of all these people is, what is the Post Office Department going to do about it?

The Post Office Department cannot escape responsibility in this matter, because they worked out an agreement with Canadian National Telegraphs whereby they rented the services of these postmasters to Canadian National Telegraphs, and having done that they therefore made themselves responsible for the duties of these people and part of their remuneration; as a matter of fact the whole of their remuneration, because their cheques are received from the Post Office Department. I understand that the Post Office Department in turn has collected varying amounts from Canadian National Telegraphs in proportion to the services rendered.

This is an urgent matter because it concerns the welfare of human beings who, because of this action on the part of Canadian National Telegraph, have had their remuneration cut below a subsistence level. They are now on a starvation wage and, as I have pointed out before, hon. members must keep in mind that they cannot be compared with their prototypes on the mainland because many of them work in a separate building away from their places of residence and must be there during certain hours to answer calls and maintain a schedule of communication between the various C.N.T. offices. Therefore, even if they have to transmit their messages by telephone instead of by Morse code, the fact remains that their services are the same. Their time is tied up, and something must be done about their salaries. When the minister replies I hope he will give a full and detailed account of what the Post Office Department is planning to do with respect to this problem.

The second vital matter I want to bring to the attention of the Postmaster General concerns a recent order affecting some post offices in the rural outport communities of Newfoundland. This order stems from section 8 of the Post Office Act. That section has two parts. Part 1 reads as follows:

[Mr. Carter.]

Except as provided in subsection (2), the Postmaster General has the sole and exclusive privilege of collecting, conveying and delivering letters within Canada.

Subsection 2 reads as follows:

The exclusive privilege referred to in subsection (1) does not apply to

(a) letters carried by a friend on his way, journey or travel, if such letters are delivered by such friend to the addressee;

(d) letters lawfully brought into Canada and immediately posted at the nearest post office;

This section 8 of the act is amplified in the "Canada Official Postal Guide, 1957", page 108, under the general heading "General Laws and Regulations". On this page we find section 411 entitled "Postmaster General's Exclusive Privilege". I quote:

The Postmaster General has the sole and exclusive privilege of conveying, receiving, collecting, sending and delivering letters within Canada; and (except in the cases hereinafter mentioned) any person who collects, sends, conveys or delivers or undertakes to convey, or deliver, any letter within Canada, or who receives, or has in his possession any letter for the purpose of conveying or delivering it, otherwise than in conformity with the Post Office Act, for each and every letter so unlawfully conveyed or undertaken to be conveyed, received, delivered or found in his possession, is liable to a fine not exceeding $100 or to imprisonment for a term not exceeding two months or to both fine and imprisonment.

Then follow the exceptions:

The following are the excepted cases:—

(a) Letters carried by a friend on his way, journey or travel, if such letters are delivered by such friend to the addressee;

(b) Letters concerning the private affairs of the sender or addressee when sent casually by a messenger;

(c) Commissions, affidavits, writs, processes or proceedings issued by a court of justice;

(d) Letters lawfully brought into Canada and immediately posted at the nearest post office;

(e) Letters of merchants, owners of vessels of merchandise, or owners of the cargo or loading therein, when carried by such vessel or by any person employed by such owners and delivered to the respective addressees, without pay, reward, advantage or profit for so doing;

(f) Letters concerning goods or merchandise to be delivered with the goods to which such letters relate, carried by common known carriers without reward, profit or advantage for receiving or delivering them.

But the Post Office Act does not authorize any person to collect any such excepted letters for the purpose of sending or conveying them as aforesaid, nor does it oblige any person to send any newspaper, pamphlet or printed matter by post.

It will be seen, Mr. Chairman, that this section places tremendous powers in the hands of the Postmaster General to interfere with the private rights and liberties of the individual. I have received complaints from some of my communities that they have now been ordered that they cannot post any mail outside their own community where post offices exist or other than at the nearest post office. When we consider that in most of

these communities the frequency of mail service is once a week at the best and often once every ten days, it will be seen how handicapped the people of these places are, particularly the people who are trying to do business in these places, by not being able to send their letters to another post office where speedier mail service is available.

One complaint I received covered a businessman who lives in a community which has mail service once every eight days. He operates a boat from his community to Port aux Basques, which has a daily service, but he is not permitted to take his own letters on his own boat from his community and post them in Port aux Basques, where he can avail himself of a daily mail service. Surely this is a tremendous interference with the rights and liberties of that person, apart from the handicap it imposes upon him in the operation of his business. When I received that letter of complaint I could not believe that this order had gone out. I thought there must be some misunderstanding about it. However, since then I have received letters from other people complaining about the same thing.

Amongst these complaints we get some like this. A person may be in a certain community where the office closes at six o'clock. A taxi may be going to another community that evening or going to St. John's, where there is an air mail service. According to this regulation that person is forbidden to give the mail to that taximan to post for him in St. John's, where he could avail himself of better service.

I feel there is something wrong with this regulation, because certainly the mail is the property of the person who owns it and does not become the property of the post office until it is posted in the office. In any case, what is a letter? Does a letter become a letter merely because it is in an envelope and sealed? How do you distinguish between a letter and a note? I do hope the Postmaster General will look into this situation and give the house a detailed report on exactly what the order was that emanated from the post office in St. John's and went to these outport communities. What is his interpretation of the points I have raised in this discussion?

I see it is about one o'clock and I have another item to discuss. Perhaps I might call it one o'clock, because I notice my time is nearly up, so I will wait for another opportunity to discuss the other item.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

The Deputy Chairman: I understand that the Prime Minister wishes to make a statement. Shall I rise, report progress and ask leave to sit again later this date?

Some hon. Members: Agreed.

Progress reported.

PRINCE CHARLES

CONFERRING OF STYLE AND DIGNITY OF PRINCE OF WALES

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I thank the house for this opportunity. On this historic occasion I am happy to announce that Her Gracious Majesty the Queen has this day designated Prince Charles as Prince of Wales. It was particularly appropriate that the announcement was made at Cardiff, Wales, where today are taking place the concluding ceremonies of the British Empire games at which representatives of 35 nations within the commonwealth have been engaged in competition while their respective countries are joined in the co-operation which the commonwealth concept makes possible.

As I said a moment ago, the title is an historic one. It carries back the history of those in the British tradition to 657 years ago when Edward I created his eldest living son, Edward, the Prince of Wales, by letters patent. Since that date there have been 19 holders of the honour. During the period there have been long breaks during which no one held the position of Prince of Wales, the longest of which was following the elevation of Prince Hal to the throne as Henry VIII. One hundred and one years passed after Prince Charles, afterward Charles II, ascended the throne. For a period of 54 years no one held this honour.

It is now 22 years since there has been a Prince of Wales, the last being Edward VIII who had the honour conferred upon him on his sixteenth birthday in June of 1910.

I think that all of us would at this time desire to express our congratulations to the Prince of Wales who, in the process of the fulfilment of God's will, will ultimately occupy the throne. To Her Majesty the Queen I am sure all hon. members would desire to convey their good wishes coupled with the hope that her health may soon be fully restored. As to the Prince of Wales, I think I can do no better than quote the words of the poet:

> Among our ancient mountains,
> And from our lovely vales,
> Oh, let the prayer re-echo:
> "God bless the Prince of Wales!"

Hon. Lionel Chevrier (Laurier): Mr. Speaker, we on this side of the house rejoice in the announcement which has just now been made by the Prime Minister that Her Majesty the Queen has seen fit to confer upon young Prince Charles the title of Prince of Wales. We rejoice also because, as the Prime Minister has said, this title has been vacant now for many years. We have watched with joy and interest the life of this young boy as he has been growing in strength and wisdom. I am sure that all of us on this side of the house would wish to associate ourselves with the words of the Prime Minister in congratulating the young prince upon this honour. I should like to add that I hope and trust that Almighty God will not only support him in his young years but will also guide his life so that the destiny which one day will fall upon him will be a source of consolation not only to the members of the royal family but a source of strength for those who form part of the British commonwealth of nations.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, we in this group realize that under our form of government, our constitution, our basic rights and freedoms are vested in the crown. We were very much interested to hear the announcement made by the Prime Minister just now. We trust that this young man will continue to have good health and much happiness as a result of being a prominent personage in a commonwealth working toward greater freedom, greater happiness and peace for all people in the world.

SUPPLY

The house resumed in committee of supply, Mr. Rea in the chair.

POST OFFICE DEPARTMENT

304. Departmental Administration, $1,886,095.

Mr. Herridge: Mr. Chairman, I am going to be quite brief in my opening remarks on these estimates. However, I want to make a few general remarks before we proceed to the items. Then when we come to the items I have some questions to ask relating to administration and some matters of more or less parochial interest to my constituents.

When I address the minister as Postmaster General, I think he should really be addressed as the minister of successful social enterprise. As a result of the precedents established by him when he was a member of the opposition, —he, in fact, I think on one occasion being almost solely responsible for holding up the postmaster general's estimates for two days—I trust that he will not object to a very close and lengthy study of his estimates at this time.

Having said that, I want to express my appreciation of the prompt manner in which the minister has dealt with any matters which I have brought to his attention and also of the courtesy of the senior officials, whether in Ottawa or in Vancouver, in their close attention to any worth-while complaint that is directed towards them. Furthermore, we should all express our gratitude to the great multitude of humble civil servants who stamp the letters; run the post offices; deliver the mail in our cities, towns and villages; and carry on the service on our rural mail routes. If it were not for this co-operation extending right from the rank and file of the organization to the minister we would not have the successful administration of postal affairs that exists today.

I noticed what the minister had to say when he was making his statement this morning and I, for one, as I think did the other members of this group, appreciated his making a full statement with respect to the administration of his department, particularly in view of the fact that the latest report we have is the one dated March 31, 1957. I understand from my experience in this house that the report of the Post Office Department does not usually come out until the fall. I might say in passing that I do hope, as one interested in stamps, that this will be the last edition of any report published by the post office which carries the picture of that gloomy goat, because I have lived very close to a lot of goats and I have never in my life seen such a caricature.

I was particularly interested in three matters raised by the minister, first of all the question of public relations, and I was very pleased to hear his reference to that topic because I think the successful administration of his department depends to a great extent on satisfactory public relations. I realize the work that has been done in the large centres in that respect and the attendance of the minister and his officials at such public events as fairs, and my only further suggestion is that these public relations activities be extended to the smaller centres as much as possible. As a matter of fact some of the, shall I say, complaints, arise from the smaller places because of a lack of understanding of the department's administration and so on, and I do suggest that his officials conduct these public relations activities in those smaller centres to a greater extent than has been the practice in the past so that the people there will have the same opportunity to understand the administration as

the people in larger centres. I am one, as you know, Mr. Chairman, who has always urged consideration of these people who live in the smaller communities and the more isolated spots in our country.

I was also very pleased to hear the minister's reference to an advisory committee with respect to the choosing of designs for stamps. I think we have been very backward in this respect in Canada, especially when I look at some of the most beautiful stamps issued by little Oriental states and small nations elsewhere and by what we consider undeveloped and in some cases backward states. With respect to stamps we in this country have to date a lot to learn, and I am very glad the minister has suggested this advisory committee so as to get, shall I say, the viewpoints of numbers of people interested in this art. It is another illustration of the development of the collective principle within his department—not the "great wise man" but the collective wisdom of a number of people—it is another aspect of the C.C.F. policy being put into practice by the government.

Another matter I would like to mention particularly is that in recent years—and I think this is a very good practice—the departmental officials have somewhat changed their approach with respect to replies to applications for mail services or changes in mail routes and things of that sort. A few years ago one would get a rather cryptic letter from the department in reply to such an application to the effect that "the matter has been under consideration and the decision is in the negative" or something equally as cold blooded. I now find that on a number of occasions departmental officials are giving reasons and by way of illustration may I say that in my district some years ago there was quite a demand for changes of a mail service. From a local point of view this seemed pretty reasonable, especially in some cases where a certain mail service would appear to have a shorter route as a result of such an application being granted, but sometimes people are not acquainted with the economic factors involved. The particular instance of which I am thinking happened some years ago and the departmental officials gave me a thorough explanation of the costs involved and the reasons why it was not economic to accede to the wishes of the local people. I do suggest to the minister that when dealing with a lot of these questions a great deal of discontent and unnecessary correspondence might be avoided by some detailed explanation as to the basis upon which a decision is reached.

I mention this matter because I was very taken with the fact that when this application was first presented there was a lot of local heat but in some cases not very much light because they did not understand the situation. However, when I got the explanation in a somewhat lengthy letter those people who had been most active in the matter readily understood the situation and the basis for the department's decision.

Before the minister's estimates are concluded and when he replies to our various complaints on item 1 I wish he would give to the house a very brief summary of the types of post offices which exist within his department; that is to say the classifications and terms of employment for each type of post office. I am particularly concerned with the way the post office operates and the postmasters' salaries, some of which are covered by revenue from stamps and things of that sort, particularly with respect of the rights of the postmaster in regard to the employment of help. For instance, does the veterans' preference apply with reference to employment of help by postmasters of this revenue classification, and if competent citizens are available do they receive preference over non-citizens, and so on? I mention these matters because they have been brought to my attention on a few occasions.

I am also particularly concerned with payments to postmasters, particularly in small post offices and the usual regulations in respect of the administration of these post offices. For instance I would like the Postmaster General to tell us how many hours a day or how many days a week such a post office is required to keep open and if the minister could, when he replies, give an outline of classifications and terms of employment in each type of post office, I would appreciate that very much, although I am not suggesting he should go into any great detail.

Those are my few brief opening remarks. Later on I shall, after consideration of the minister's estimates, co-operate with anyone who is willing in order to demonstrate to the minister that we have an equal capacity to deal with estimates as he had when he was in the opposition.

Mr. Hamilton (Notre Dame de Grace): You have already demonstrated that.

Mr. Deschatelets: This morning the minister informed the committee that an advisory committee would be set up to help the minister with respect to the design of stamps. We do hope that the minister does not for a moment think that if in the future a committee is to advise him on these designs that he can hide behind that committee. We

will hold the minister responsible as he held the previous postmasters general responsible.

I would like to make one suggestion to the minister before he sets up this committee. I do hope all the provinces will be represented including, of course, the province of Quebec, so that when new stamps are issued to celebrate historic events all the provinces will be brought into the picture.

I have a few remarks to make on a subject which was the topic of previous speeches heard in this committee this morning and having to do, of course, with the numerous statements and promises made by the Postmaster General in connection with the re-establishment of a second mail delivery a day. This was more than a promise, it was a commitment and a solemn one, and at the time this commitment was made the Postmaster General was the spokesman for his party on matters having to do with the post office and he was therefore representing the views of his party. Then, to add insult to injury, on July 25, 1957 the Windsor *Star* reported that the Postmaster General had reiterated after the first election of his party that he would re-establish the twice a day delivery service.

We are awaiting a statement by the Postmaster General with the greatest interest, because he has completely failed to give us a proper reason for the change of policy of his party in this matter, and when we talk about Conservative policies unfilled we will always remember the bluff of the two deliveries a day.

Mr. Peters: Listening to the remarks that have been made this morning and this afternoon by the Postmaster General I draw the conclusion that the Postmaster General's statements previously were not in keeping with the operation of the department.

I draw the inference also from the fact that I looked up to find what the Postmaster General's report was—I find that this report, the last one endorsed by the present Postmaster General—published in March, 1957, and having observed the lag in time from the time that report is prepared to the time it is presented, I presume that the Postmaster General was, in effect, in this particular case, endorsing the program the Liberal government had already implemented with very little change. I think the Canadian people should take a good deal of interest in the department because this is one of the large departments of government. We find that while hon. members were in opposition certain considerations were raised and certain suggestions made, but when the opposition has formed the government there are very few changes. Unless the report which I think should legitimately have been published before this was discussed shows the contrary, we can only draw the conclusion that there has been very little change.

I should like to question the Postmaster General on the matter raised by the hon. member for Burin-Burgeo this morning regarding these television snoopers that were installed several years ago in Peterborough. He mentioned the fact that he was very much opposed to this. This certainly was the opinion expressed by the hon. member for that constituency while he sat in opposition, and I think I would like to go further still and say we not only object to these television cameras being installed but, also, that they should remove the people who inspect the work of this department from observation galleries. Knowing, Mr. Chairman, the examinations that the people in the post office must take, the responsible positions they have to assume and the very satisfactory operation and performance of their duties by the post office officials across the country, I do not think, legitimately, we should allow any snooping, and certainly we are very much opposed to this television aspect of examining the work of people. We have had no reason for this type of investigation. Certainly I think a much more satisfactory method of supervising this work could be devised, and the minister might consider the bonding of employees.

Another matter which has been raised in the past, and this is one in which I hope the Conservative regime does not make a change, is the post office savings bank. Many hon. members may not have had any experience with this bank, but I would suggest that this is a very valuable service which the post office has performed which it should be proud of and advertise more. While it is true many of the small post offices do not want to be bothered with this, it is advantageous to the travelling public of Canada, such as salesmen and service personnel—that is the first time I came into contact with the post office savings bank, in the air force—and it means you can deposit money any time the post office is open, up to six o'clock. It is a great establishment for anybody moving from town to town where they are not too well known, because all you have to do is take your book into any post office and if there is any money indicated on your card you can receive that money in almost every small town across Canada. It means you do not have to go through the formalities of phoning a bank to check on your home account; you do not have to carry travellers cheques, and it seems to me a great service

would be accomplished to more Canadians if the Canadian people were better advised on the operations of this bank.

I am quite sure that the Postmaster General is going to give a complete report on the financial position of the bank and I would strongly urge that he give some consideration to extending the services rather than curtailing them. We are well aware of the fact that some of the banks and other institutions in the financial field are not too happy about the federal government operating this type of savings bank, but I would point out that it has been in existence in Britain for many years and is used in a similar manner to that in which the Canadian service personnel use it but on a much larger scale, and I think it is a great establishment.

Something has been said today about the institution of the two-delivery system for mail. While we are not opposed to this, we suggest there must be an extension of the mail delivery service particularly in small towns on a greater scale than is taking place today before we contemplate extending two-service delivery in the larger centres. We still have many small and medium sized towns that do not enjoy a door-to-door delivery such as many of us have come to accept and want extended, and until that is done I think we should continue on a program of extending this door-to-door delivery before we extend in the other fields.

There are probably 3,000 rural mail deliveries being made in my riding, and with this we have a bit of a problem. We have been led to believe over the years, probably by United States movies, the old story that the United States mail must go through whatever the weather conditions. Unfortunately that is not true in Canada. In my area there appears to have been no consideration given to those areas that may be snowed up in the wintertime. The contract is let on the basis that the mailman is able to drive his car around the route. He may not own a horse, and yet 15 or 20 miles of his route will be blocked for two or three months, and I think an additional sum of money must be inserted into his contract to allow him to make these rural deliveries to the places that weather hazards make impossible to be visited for the contract price he is receiving for delivery of mail by car.

I think it may have been romanticized a bit by United States movies, but I think the idea when we post a letter is that we expect it to get to its delivery point as soon as possible. But in many of the areas I am speaking of the mail is not delivered for weeks at a time, and is only delivered then when people go out to a small grocery store. It is not a post office by any means, but the mail is there, and they can pick up the mail at that time. The storekeeper does not receive any remuneration for his part in the delivery, and I think something could legitimately be done about this matter.

Another problem is the extension of rural deliveries. While it is, as I understand it, the policy of the Post Office Department on occasions to make extensions to existing rural routes, it is very difficult to get a completely new route set up. We have a number of communities that were at one time associated with a small village. The people went to that village for their groceries and they picked up their mail in the small grocery store. That situation has changed. The grocery store is gone. The people do not go to that small community store any more; in fact, in many instances it does not exist any longer. The small village in which I was born is a good example. At one time it was a very small metropolis and now it is not a centre of activity at all, and yet the people in that particular area are not on the extension of an existing mail route, nor can it be argued legitimately that they should be on any existing route because there is no extension; but on a number of occasions they have petitioned to have another rural route set up but they have not been successful.

Another problem we are having in northern Ontario has to do with the extension of the suburbs of many communities. The people in the suburbs are having great difficulty in getting post office boxes. If we could extend the door-to-door deliveries in those communities it would solve the problem. If we are not in a position to extend the deliveries at the present time, then it is necessary for the Post Office Department to put postal boxes in the area. I have noticed that in a number of cities in southern Ontario they have placed outdoor boxes on the street and a person can get a key for the box door and get his mail in that way. Places like Blind River and Elliot Lake have undergone a tremendous expansion program in the last few years. The mail service is very poor. It is impossible to get a box. The mail is delivered through general delivery and frankly I do not think that is an efficient way of handling mail where four or five thousand people have to come into the post office in a limited period of time. The practice of installing temporary boxes, if necessary, would go a long way toward alleviating some of the problems in that area.

I am also quite interested in the matter of stamps. At one time I collected stamps and I might point out that such places as Ghana, New Guinea, Togoland and so on,

which are only to me place names, have produced some of the best looking stamps that have been printed. Although we do not have tropical scenery, we have much scenery that could be reproduced on stamps. We do not have to try to draw waves that look like straight lines or curved lines; we do not have to make that kind of stamp, but we can produce very valuable stamps and I should like to express our appreciation of the stamp that was designed to depict the mining industry of northern Ontario. This stamp was very favourably received in northern Ontario and it was a satisfactory stamp. I think it could have had a little more colour in it. We have a great deal of colour in northern Ontario and the stamp could have depicted some of that colour. The stamp that commemorated the paper industry was also commended. If we can do that with two or three stamps I do not see any reason why we could not depict many more scenes in colour, and we might sell more to the stamp collectors.

When the Postmaster General replies I hope he will refer to the matter of the savings bank and that he will comment favourably on the fact that we should extend the post office savings bank, particularly for the benefit of those people who are no longer able to drop into their home bank when they need money and when they are travelling on the road for a week or two. In those circumstances they can drop into the post office and pick up $50 or $75 and not have to call their home bank. I have had to do that on many occasions and sometimes when I made the telephone call there was not enough money in the bank to call about.

(Translation):

Mr. Dupuis: Mr. Chairman, at the outset I should like to remind the house of the fact that the constituency for which I sit was formerly represented by one of the predecessors of the present Postmaster General (Mr. Hamilton), the Hon. Alcide Cote. Before beginning my remarks, I would very much like to remind the house of the excellent way in which the Hon. Alcide Cote discharged his duties at the time he was head of the department whose estimates are now under consideration.

The Hon. Alcide Cote was a man of deep honesty, a true democrat, a real servant of the people. Unfortunately, Mr. Chairman, he was prematurely taken away from us, and I felt than on this occasion I should recall his memory in the house.

Mr. Chairman, I listened with a great deal of interest this morning to the speech delivered by the Postmaster General. We in particular, in the constituency of St. Jean, have long known of the hon. gentleman, as the one who had been entrusted with the task of criticizing in this house his predecessor, the late Hon. Alcide Cote.

I wish to thank those of my colleagues who, this morning, recalled a number of instances of criticism offered by the hon. gentleman who, at the time, was just the member for Notre Dame de Grace. *Hansard* records so many speeches of his criticizing the Post Office Department that I believe I should briefly point out some of the statements found in those speeches. Mind you, I have no intention of reading all the vague and insignificant claims made at that time by the hon. gentleman. I certainly have no intention of quoting from the official record the criticism, complaints, lamentations and gnashing of teeth indulged in at the time by the present Postmaster General. He would refer to post office robberies as though they had been invented by the Liberals. He would speak of departmental waste and extravagance; of inefficiency in the postal system under the Liberal administration; and he used to say that it was the department's duty to restore twice a day mail delivery in Canada.

Well, Mr. Chairman, when we saw the Postmaster General rise in his place this morning, we did not quite expect the remarks he did make. We were expecting the minister, who had witnessed so many robberies, to come into this house dragging after him the thieves he had ferretted out in the course of his inspection tours throughout the country. We were quite surprised to hear from him the admission that he was the first Postmaster General since confederation—and I wish to emphasize that fact—who had visited every post office in the country up to and including Newfoundland. The statement deserves emphasis for, if the Postmaster General has visited so many post offices, it must be because he was looking for those evil spirits which, at the time, were supposed to haunt the Post Office Department.

Having gone from one post office to the next, having put questions and carried out investigations, he comes back before us, to tell us what? To say that the criticism, the sly claims he had made before parliament for five years were but the outcome of a

vision, to use a word which we have learned recently. We have it out of his own mouth, Mr. Chairman, that the postal system of this country, so well administered by the Liberals before him, compares favourably, he has found, with any other postal system in the world.

Let me therefore state at this point that, in making those remarks, the minister was not paying tribute to the present government; he was merely establishing that the preceding administration—the Liberal administration which he had so bitterly criticized—was not so bad after all but was thoroughly commendable.

Mr. Chairman, I would like to remind the minister of what he had said, as reported on page 1179 of the French version of *Hansard* for January 14, 1954. The minister (who was then member for Notre Dame de Grace), giving the house a review of the Department's financial situation since 1945, said:

"In 1953, there was a surplus of $6,470,000 (in round figures); in 1952 the surplus was $6,649,000; in 1951 there was an error—"

"—somebody made a mistake and there was a deficit of $1,327,000;—"

"And there was a deficit!"

Now, Mr. Chairman, the member for Notre Dame de Grace, when in opposition, used to wonder how there could be a deficit! Surely, he would say, there must be a mistake! Well, today we could rightfully ask him where the error was made for we see that there is still, definitely, a deficit. And if error there be, it was surely the one made by the electorate in choosing the Conservative party.

Mr. Chairman, the minister also referred to an electronic sorting device to improve the system and speed up the handling of mail throughout the country. Now, I deplore that the present Postmaster General should speak of electronic sorting, that he should talk of substituting machinery for manpower, just when we need to recruit as much manpower as possible to arrest the tide of unemployment which is rife throughout the country at present. I hope the Postmaster General will alter his policy, and thoroughly contemplate the implications of such changes before introducing them.

Mr. Chairman, I will put off some of my observations until we take up the various items. Howevea, I wish to associate myself with all the others in saying that the Postmaster General has totally betrayed the promises he made when he told the public that he would expose the scandals he used to talk about. We have only to refer to newspaper reports of the election campaign to find accounts of the inflammatory speeches of the present Postmaster General. He has not always been indulgent towards his opponents. Furthermore, let me quote page 4346 of *Hansard* of the 26th of May 1955. The following sentence Mr. Chairman, will show you the mentality of the Postmaster General when he was merely member for Notre Dame de Grace. Just listen to this:

"But sometimes it's possible to knock some sense even into a stupid Minister—"

That's what he said at the time.

Well, Mr. Chairman, it is a reflection on his own even greater stupidity that, having spent five years criticizing others, he is now unable, having taken over from them, to put his finger on a single error of the government which was the butt of so many of his tirades.

(Text):

Mr. Wratten: Mr. Chairman, my remarks are going to be very brief. I want the Postmaster General to know how much the people of Brantford appreciate the work done by the local postmaster and his staff last week-end when the change-over took place from the old building to the new wing that has been opened. It was a good job, well organized and well carried out when you realize that service was given in the old building until Saturday noon and complete facilities for serving the public were transferred to the new wing and ready for service on Monday morning. I should also like to state that the people of Brantford appreciate the efforts of the former member for Brantford who was a member of the previous government and prevailed upon that government to start the addition into which the post office moved last week-end.

It is a splendid building and we are quite proud of it. It is a credit to the government and to the city of Brantford. We hope that when the complete job is finished and we have the re-opening ceremony the Postmaster General or the Minister of Public Works will come to Brantford and officiate because we would be very proud to have them in our city.

There is only one suggestion I should like to make to the Postmaster General. In my opinion, instead of creating double service in the larger cities we need to have service in the smaller centres and also to extend rural delivery service so that farmers who live some distance from their mail boxes will not have to travel anywhere from half a mile to a mile to the corner of the road in order to collect their mail. That is all I have to say.

Mr. Weichel: Mr. Chairman, it has often been said that a person cannot quit a position, assume another and still have the same boss. As a former postmaster and supervisory postmaster for over 35 years I had the honour to work under the present Postmaster General for one year and now that

I am a member of the house I feel that he is still one of my bosses. It was a privilege to work under his guidance, as well as that of other postmasters general, and I am happy to say that my welfare as a postal employee was always his first consideration. I have received co-operation from the Postmaster General and together with the assistance of the general public my position was a pleasant one.

Post office business is a big business. I was impressed by the fine report given this morning by the head of the department. The change that has taken place during my 35 years as a postmaster is amazing. Air mail and all-up mail service have been probably one of the greatest achievements in post office history. I was glad to hear the Postmaster General state that even greater improvements are being made with regard to this type of mail. I may say that not very long ago in my post office a letter was mailed at 5.30 in the evening and at 9 o'clock the next morning a gentleman walked into the Halifax post office and the letter was there in general delivery.

The sortation of ten million letters daily by 12,000 post offices can give some idea of the great work being done by the department. The addition of area superintendents throughout the whole of Canada and also supervisory postmasters has helped to make today's service, as the Postmaster General put it, second to none in the world. Area superintendents, district directors, regional directors and heads of the department were ever ready to assist all employees in their many problems. This gave us the opportunity to serve John Public as civil servants in a courteous and efficient manner. Post office boxes in the lobby, boxes throughout the town and rural delivery have helped to give better service in smaller communities. I understand that house to house mail delivery can only be provided in places with a population approaching that of a city.

I should like to suggest to the Postmaster General that part time assistants be employed under the civil service commission in the same way as full time employees. I believe they would give still better service than they are giving at the present time and they would also have the opportunity to have superannuation to their credit on retirement. If this were done we would have a better opportunity to secure part time helpers.

Finally my observations over 35 years lead me to say that postal employees working under the civil service commission and under the fine leadership of the Postmaster General are making an outstanding contribution to the welfare of our great country and I think we are all proud of their fine record. I am sure we can all say that our Post Office Department is second to none in the world.

Mr. Granger: Mr. Chairman, I should like to speak briefly about the small salaries paid to postmasters in some of the more isolated places in Newfoundland. Actually, it is quite well known that in many cases these salaries are utterly inadequate. The surprising thing is that the government, which should lead in showing a proper appreciation for faithful service, has been so backward in allowing the scale of salaries to remain so low. I think everyone will agree with me when I say it is impossible for a man, his wife and family to live on the salary of $150 a month, and in many cases the remuneration is even lower.

The postmaster plays a very important part in isolated communities. He is one of the most important individuals living in that community. I hope the Postmaster General can find a way to reward him. I believe that up until recently postmasters' salaries were based upon the revenue of the post office. I have learned with a great deal of pleasure that the salaries now will be based upon the amount of work done rather than upon the amount of revenue which the office obtains. The thing that has to be done now is to make this unit value high enough.

I might also point out that the amount of rent paid for post office quarters in some instances is pitifully small.

I might mention, too, that in many areas of Labrador the mail service is poor and far from being what it should be. There are only a few places in which there are postmasters, and mail is landed from the coastal steamers only at those places. The result is that the people have to go for many miles in order to get the mail which has been dropped off by the coastal steamers. I would request that provision be made whereby mail will be dropped off at each port of call. As an illustration of what I am saying, I would point out that the mail for Port Hope Simpson is carried there on the steamer but is not landed there. It is taken on to Williams Harbour, 20 miles away, although the steamer has actually called at Port Hope Simpson. The people from Port Hope Simpson must chase the steamer 20 miles in order to get the mail. Then the steamer which calls at Green Bay does not have a mailman aboard. In the old days all the coastal steamers used to carry a mailman. Since this steamer does not have a mailman letters cannot be mailed aboard but they have to be carried to the nearest post office ashore. If a nurse wants to send a small parcel of medicine to a nearby community, she has to get a crew member or a passenger to carry it. The reinstitution of mail men aboard coastal steamers would be

a great public service and the cost involved would be small.

I should like to mention, too, that the Canadian National telegraph office and the post office should continue to be joint offices rather than separated. In the old days, the Canadian National telegraph operator was also the postmaster, and between the two positions could sometimes get a reasonable salary. There has been an effort to separate these offices, and this effort should cease. In fact, a counter-effort should be made to make them joint offices operating under the same people and in the same building. While I am mentioning buildings, and before I sit down I hope that the Postmaster General will recommend the provision of post office buildings in Badger, Glenwood and Robert's Arm.

Mr. Regier: I was very pleased indeed to hear the minister's report this morning. I was particularly pleased to note the great pride that the minister took in his work, and in the work being performed by the post office. As the hon. member for Kootenay West pointed out, he is rapidly learning that public enterprise is workable and the people who work in a public enterprise are able to render a degree of efficient service that is equalled by no other. I noted particularly when he expressed the motto of the post office, that it was to serve the people. The motto is not to make money, not to make profit, but to serve the people. The minister did his utmost to convince us on this side that this public enterprise known as the post office was working. He used the phrase that it was functioning so smoothly, so efficiently, that our post office record was an outstanding one. I was pleased to note the compliment he paid the employees. It is often said that men must have the lash of the profit motive behind them; they must be able to see money; they must have every expectation of receiving a high monetary return, before they will exert their utmost effort.

I was very pleased when the minister referred to the former depuy postmaster general, who has spent a lifetime in public service by saying that case after case bore the imprint of his achievements. I think I have the wording right, but at least it is close. The minister expressed confidence that the new deputy minister will have an equally outstanding record of public service. Those of us who have met the new deputy minister from time to time know that the minister's confidence is going to be fulfilled.

I should like to call the minister's attention to a number of little matters which, to me, involves some principles. In the first place, I should like to refer to the suggestion of bonding the employees. I feel that would be rather unnecessary. I noticed that according to the annual report for 1956-57 there were only 335 prosecutions, and of those only 96 involved employees of the post office. Here again, Mr. Chairman, is a wonderful illustration of the ability of people to serve, even though the incentive to serve may not be monetary but rather one of serving people. I do not know, offhand, how many employees the post office has, but it likely runs into the tens of thousands.

Mr. Hamilton (Notre Dame de Grace): About 50,000.

Mr. Regier: The minister says, 50,000 and out of 50,000 people only 96 had to be prosecuted in one year for a whole host of wrong things, such as robbery, receiving, shortages, thefts, forgeries and so on. I think that speaks very well for our employees.

I should like to compliment the minister on the new atmosphere which prevails in his department from one end of Canada to the other on the part of everyone concerned. They make the public really feel that this is not some hierarchy of government, but this is the post office which belongs to the public and all the employees are actually public servants. I have only to compare the attitude of the minister with the attitude of other ministers to know that that is at least partly the wish of the minister that this new atmosphere ought to prevail. The success of any public enterprise depends very much on the attitude of the public being served towards that institution. If the public feels alienated in so far as that institution is concerned, if they feel that it is not part of them, they also do not feel any responsibility towards that institution and the efforts of that institution to serve the public are hampered.

I was hoping the minister would announce that henceforth regulations might play a slightly lesser role in his department. Every so often we run into regulations. Some of the requests of the people seem to be so logical and very often so minor and so simple yet they mean so much to the people concerned that they cannot understand the need for detailed regulations. I know that when there is danger of a bureaucracy in any institution, whether privately-owned or publicly-owned, you build up regulations. Every time something goes wrong some official thinks up a new regulation that ought to be put into effect. Without having regard to the small number of things that do go wrong, in an effort possibly to avoid a repetition of a wrong, out comes a new regulation.

I have in mind such regulations as that as to the hours at which wickets can be kept open in a major post office in one of

our large Canadian cities. Surely at a post office such as in Winnipeg, Toronto, Montreal and Vancouver—and I am now referring to the main post offices—where they have hundreds and hundreds of employees, it should be possible, by rearranging of employee hours, to keep wickets open right around the clock. I do not suggest that all the wickets should be kept open but some of the wickets might be kept open. However, on some afternoons I have found some wickets closed in large post offices. I believe that statement is correct, if my memory serves me rightly and unless there has been a change since then.

I know the origin of this regulation. It originated from the principle of the 40-hour week. However, there is no reason why the men cannot have a 40-hour week in a large post office and yet some wickets and some service be available to the public at all hours. Working people working regular hours in Canada—which ordinarily means that after breakfast they begin work and they come home for dinner at six o'clock at night—find it extremely hard to use some of our public facilities. It is for that reason that the chartered banks of Canada began opening on Friday night from 4.30 p.m. until 6.00 p.m. This procedure has shown itself to be a great convenience to those people who must work during banking hours. I think the larger post offices at least might consider an amendment to whatever regulation exists in relation to the hours at which wickets are open.

Then there is the regulation that covers rural routes: not more than so many, not less than so many. That may be all very well as an over-all policy or as a guide. However, I believe the application of the regulation works hardships in that it does not take account of different circumstances and of different communities. Another regulation governs the establishment of red letter boxes where people can post their mail without going all the way to the post office. Another one governs when door-to-door delivery service will be given to any special community. We have regulations in other matters. I would hope that the minister some time in the course of the next year will undertake a review of all these regulations that exist. He possibly knows how many there are. I am sure they run into the hundreds and hundreds. I hope he will make a review of them with a view of possibly eliminating half of them and instituting a little bit of common sense in the case of a goodly number of them. I know that procedure can lead to misuse as well. There is always a reason for the origin of a regulation. But I think far too often the origin is not a very serious one and only reflects something that has gone wrong somewhere along the line.

I am a little bit alarmed, Mr. Chairman, at another phase of the minister's report for the year ended March 31, 1957. I do not know what the situation is for the year ended March 31, 1958. Maybe the minister will be able to supply that information. However, at the beginning of that post office year—I suppose that is what it would be right to call it—there were in operation 947 post offices and at the end of the year there were in operation 940 post offices or in other words a reduction in the number of post offices by seven. I may say those figures refer to the province of British Columbia. For the whole of Canada the number of post offices in operation was reduced from 11,996 to 11,879. For the whole of Canada in that one fiscal year 83 new post offices were set up and 200 post offices were closed. That means that there were 117 fewer post offices at the end of the year than at the beginning of the year. We thought the population of Canada was growing. We thought that new communities were continuously being built up in many of the unsettled areas of Canada. I should like to have an explanation. I hope the explanation is not the one that I fear it may well be. The fear to which I have reference is that there is a growing tendency to consolidate, to which even this minister has not yet called a halt, to take away from little communities their own post office in order to build up a monumental post office—and I mean monumental in size—in the larger urban centre that is nearest.

That brings me to that huge memorial that has been built in the city of Vancouver to a former minister of the government, the Vancouver post office. I admire the building. I think it is marvellous. I believe it is beautiful. All the people like to look at the building. However, I believe this post office has been established for the purpose of serving a territory much larger than the immediate area, namely the city of Vancouver. I agree that in years to come the city of Vancouver will need a post office of that size. The minister can correct me if I am wrong but I believe that the cost was some $14 million and the tunnel to the railway station added $2 million. Why in the world the government would spend money on a tunnel to a railway station from the post office when in these days most of the important mail comes in by air anyway is beyond my understanding. Interest on the $2 million would have paid for trucking charges for years and years to come without the need of the original investment. However, be

that as it may it is a nice post office and that is that.

We do not want the post offices around the city of Vancouver to have to disappear as a result of that Vancouver post office. We do not care whether the head of the post office in Vancouver is in grade 18 as a result of it and would only be in grade 9 if it were not for that centralized post office. The people want to feel that the post office belongs to them and not to a huge bureaucracy with inspectors inspecting inspectors inspecting inspectors. I know the minister is not at fault. I know this is not a policy initiated by the minister. I know that it was a previous regime that initiated that policy. However, it is not looked upon with favour by the people.

I have taken a few lessons in economics and I believe the minister has done so too. He knows that there is a point of maximum return and that if you exceed this point you no longer have efficiency but instead have inefficiency. The people in Burnaby can inform the minister that the efficiency of the postal services in their community has not improved as a result of the consolidation manoeuvres that have occurred.

I am referring to the policy of the department and am only using the lower mainland of British Columbia as an example in order to make sure that the minister knows what I am getting at. I refer to all the little services we get from the post office which usually involve 5 cents to 15 cents in respect of letters and involving 60 cents or 70 cents when we mail a parcel. They are relatively small and insignificant yet they affect the daily lives of the people who like to feel they are doing business with their own post offices.

I cannot understand why in Burnaby, where we have a population of 100,000 people, we cannot have an efficiently operated post office, when a former minister admitted that the city of Saskatoon, which has a much smaller population, has a post office which yields a net revenue to the government of Canada. So after all these years we come to the conclusion that we cannot have this post office even though we are the second largest community in our province because we have to serve the interests of that huge establishment in the city of Vancouver and if we did get our own post office some of the officials in the Vancouver post office would suffer a loss of salary or loss of category because their volume would be seriously reduced.

The post office—and this perhaps comes back to the question of regulations—might in the interest of public relations pay a little more attention to the boundaries of municipalities. I know the post office has announced that it pays no attention to such boundaries and I have letters to that effect in my office. This policy leads to utter confusion and to disappointment, and it results in poor service. We have in the city of Port Moody one example, where the population within the city possibly borders on 3,000, and yet within that city is the Port Moody post office, Pleasantside post office and the city is also served from door to door by deliveries out of the city of New Westminster. Not so long ago there was an effort on the part of the post office to persuade part of the city to accept a rural route which would be based in Port Coquitlam so that there would have been four identifications in one small city. This, as I say, leads to utter confusion, and I would like the minister some day when he sends out these public notices advising the people what to do about their Christmas mail to simply take my riding as a guinea pig. I would challenge him to mail one piece of mail to every householder within my constituency without having thousands of homes not served and without having thousands of these circulars arrive in some other constituency.

There is no way of which I know, although I know the riding which I represent intimately, whereby I could send a letter to each one of my own constituents—there is no reference I could use. I have the rural directory which helps for a little bit and leads to a mix-up in some sections, and then there is the voters' list, which has no addresses at all worth mentioning. There is the telephone book and surely the Post Office Department should be able to obtain a little co-operation from the telephone companies of Canada so that at least the telephone directories might give accurate addresses. However, there is no medium of which I know available to ordinary commercial people to enable them to accurately cover any area they wish to cover. One of the major flaws is because of this regulation or decision or whatever it is that the Post Office Department will not pay attention to municipal boundaries and this has led to a case such as I have described where there are four different identifications in one little city.

There is, I believe, supposed to be a regulation in regard to the drop letter rate. I do not know what it is and I am still attempting to find out, but some small communities adjacent to communities cannot have this drop letter rate, while the riding of Coast-Capilano which was represented by a former minister and which is further away from Vancouver than some ridings does enjoy that four-cent letter rate, at least in some parts of it.

The minister spoke to us of the financial aspects of his department and he referred to the profit making part of the mail. The first class mail, he said, is a profitable mail and I think he should give some very serious consideration to an increase in the rate for all this unnecessary material and garbage that we receive. Surely the taxpayers do not have to subsidize the Ford Motor Company or Lux soap or Rinso soap powder, or whatever else it might be, by means of taxes so that these huge corporations may be enabled not only to flood our homes with needless paper but also to overburden the backs of our mail carriers.

If the minister is thinking of instituting economies in his department and in the workload of the employees in addition to enhancing his revenues he might well recommend a realistic approach to that problem. This dates back to the very early days of Canadian history when it was in the public interest to distribute as much reading matter to the isolated pioneer as was possible, and this same principle has never been altered. Today we have the average resident in the average Canadian community receiving thousands of pounds of advertising delivered to him at the expense of a public service. This is not helping the public service at all, it is simply exploiting the taxpayer and the institutions of the taxpayer for the purposes of big business.

If one will look at the amount of money the people of Canada owe today I think it will be seen, and the minister himself must agree with this, that there has been far more advertising through the mail than there should have been for the welfare of the people during the last several years.

The points I wish to make at this stage are now fairly well covered. I think it is safe for me to say on behalf of all my colleagues that we are very pleased with the attitude taken by the minister since he took office in his department. This attitude has been one of accommodation and co-operation and we are very pleased to note the pride he takes in the honest and faithful work done by the men in this worth-while public institution and, in speaking for my own riding, I am particularly pleased to hear him say he intends to visit all post offices in Canada. I extend to him an invitation to visit the new Burnaby post office which I know he intends to have built very shortly.

Post offices in Canada are publicly owned institutions and as such they have rendered and will continue to render satisfactory services to the public only so long as and to the degree in which the people have the feeling that the individual institutions are their own. I would therefore plead with the Postmaster General to reverse the present trend of centralization lest the institution which so many of us have grown to respect develops into an octopus which is beyond the reach of public opinion.

Mr. Kindt: Mr. Chairman, I should like to take a minute or two to say a few words about small post offices and particularly about the salaries paid to the operators of small post offices. In my riding there are 64 small post offices and I think the top salary received by any one of these postmasters is less than $4,000. In many cases salaries range from $3,000 down. It is not possible in many of these areas where the postmaster receives such small salaries for them to have anything more than a subsistence standard of living, and unless a man can take on supplementary enterprises and step up his income by some other means he is placed in a position of having to accept a low standard of living. He gets into a position where he does not want to go out and get another job and leave his post office business because he has put in a long period of service and will qualify for a pension in the end. So he is faced with the problem of getting by as best he can and covering his costs of living out of the revenue he receives from his post office salary. As we all know, the value of the dollar has decreased 50 per cent, and I should like to hear from the Postmaster General whether the salaries paid to these operators of small post offices have increased proportionately.

Again, I understand that the salaries are set by a rule of thumb formula which is based on the amount of work done or on the revenue of the post office. In so far as it would be possible to vary that in accordance with the conditions under which these small post office operators have to operate I think the Postmaster General would be perfectly within his right to make that variation, and I hope he does in the interest of these small operators.

In conclusion I want to add a note to what has already been said about the efficiency of the post office service. I have nothing but the greatest praise for its work in my riding. The work which is being done on the delivery routes and in these post offices is second to none. The atmosphere is good and the accommodation is good, and I think a great deal of this is attributable to the efforts of the Postmaster General.

Mr. Carter: When I called it one o'clock I indicated that there were one or two items I would like to deal with. One of them has already been introduced by the hon. member for Macleod who has just taken his seat, and I should like to follow up what he has just said. The report of the Post Office Department shows that we have 636 post offices in Newfoundland and while no breakdown is

given as to the classification of these offices I presume there is some accounting which would give the total salaries paid in Newfoundland post offices, and if the figures are available I would be grateful if the minister could give us some idea of what the average salary of the Newfoundland postmasters amount to. If he could give it for each classification, without too much inconvenience, it would be even better.

While I am talking about salaries I should like to bring to the attention of the committee the fact that in Newfoundland and possibly everywhere else in Canada the salaries of the revenue postmasters include the amount of rent that must be paid for the post office accommodation. That was a recent change. Several years ago the post office, through the Department of Public Works, allocated the accommodation for the post office and assessed its rental and this was paid separately from the postmaster's salary. When the change was made, the postmaster was paid a fixed amount and was charged with the responsibility of finding suitable accommodation for the post office. That, of course, introduced an element of inequity, because in some places accommodation may be readily available at a reasonable price while in other communities it might not be so easily available and the cost might be higher. Unless this is taken into account the remuneration of the postmaster might be considerably reduced. Thus, in two communities with equal workloads, although the remuneration may be the same the take home pay of the individual postmasters may vary considerably on account of this policy of making the postmaster's salary cover the rental of post office accommodation.

While I am on this subject I should call the attention of the Postmaster General to the anomaly which has developed in Newfoundland due to the policy of the federal government regarding the provision of post office buildings. When the estimates for public works were before the house the hon. member for Bonavista-Twillingate and myself tried to find out from the minister just who had the last word in determining what type of building would be supplied and the amount of space that would be provided. We learned that the local branch of the post office made an estimate of the requirements and that this was sent to the branch here in Ottawa where it would perhaps be modified or revised, and then that estimate might again be revised in consultation between the Post Office Department and the Department of Public Works, but we never did find out who had the final word in determining what space should be provided. I think the minister will recognize that I have in mind the post office building in Marystown in my riding about which there has been a great deal of controversy and which I understand has not been started because the town council has refused to issue the necessary permit. We know that the local branch, local architects and the personnel of the Newfoundland branch estimated certain requirements for that office. That was revised by the Post Office Department here and then after further controversy it was increased, as the Minister of Public Works told us, by 20 per cent.

There is still considerable controversy over the fact that this further increase is still insufficient, having regard to the infrequency of mail. It sometimes happens that six or eight weeks mail may accumulate and arrive at the same time before it can be distributed, and those conditions obtain in most offices in Newfoundland, which makes them different from similar communities or communities of the same size on the mainland where mail can be received and distributed almost every day.

This policy with respect to buildings has caused an anomaly to develop in Newfoundland because prior to Newfoundland becoming a province of Canada the government of the island built a number of post offices in various communities where they felt the amount of traffic justified it. Those buildings were inherited by the federal government and as they become dilapidated or as they require repairs or replacement it is the policy and the responsibility of the federal government to replace them. Many of those places have now been provided with nice, up-to-date, modern post office buildings, while communities of similar size, and perhaps even greater size, and often of greater importance, cannot get a building provided by the federal department for the simple reason that it was not fortunate enough to have one prior to confederation. I would suggest to the Postmaster General that the whole policy governing the erection of post office buildings should be revised and rather than providing them on a basis of revenue, which I believe now is the case, they should be provided on merit as the requirements of the community dictate, because in a community of a thousand people, or even 500 people, it is not convenient to the public to have to go to a room in some private residence to post and receive mail. Adequate facilities for the public cannot be provided under those circumstances.

Before I leave the subject of salaries and rental of those buildings altogether I should like to ask the minister whether he can give any example where the remuneration of the postmaster has been decreased when the post

office has been moved from a rented building, or from the residence of the postmaster, to a public building for which rent did not have to be paid? I have been told there have been such instances, and if that is so then it destroys the whole basis of the post office argument in which they maintain that they do not pay rent, they pay only the salaries of the postmasters and it is up to them to get whatever accommodation they can and pay for it out of the remuneration they receive.

Before I sit down, Mr. Chairman, I want to bring to the attention of the minister the position of some of our mail couriers. In Newfoundland we have very few roads and in many instances mail has to be carried either in a small boat from one settlement to another or carried overland by the courier on his back. Until quite recently I did not realize just what carrying Canadian mail is like. Before confederation we had very good regulations in Newfoundland under which the mailbag would contain bundles of letters and bundles of parcels under a certain weight, all done up in neatly wrapped packages but one courier told me this story when I discussed it with him, He said: "Sir, we are not carrying mail any more, we are carrying freight." I asked him what he meant by that. He said, "We do not carry packages, we are carrying anything, pieces of stoves, window screens and parts of washers, almost anything you can think of that can be put into a mailbag today."

These people have to carry that on their backs. I would ask the Postmaster General to take this into consideration when the remuneration of those couriers is being determined because, unlike the situation on the mainland where the courier can meet the train, deposit his mail and take mail away again, the courier in Newfoundland may have to take it to a point several miles distant. He may have to leave it there, return to his home and come back at some other time to pick up the incoming mail and carry it back to the post office. It is a much more complicated business than obtains anywhere on the mainland.

I would urge the Postmaster General to take all these factors into consideration when the remuneration of couriers is being determined.

Mr. Bourque: Mr. Chairman, I was glad today to hear the Postmaster General say that we had the most efficient postal system in the world. With that I agree, but this has been so for many years. I am glad to see that the Postmaster General has followed the tradition of other postmasters general who have preceded him. This situation is due to the fact that the officials and the employees are so loyal and so intelligent that they have helped to make our system one of the most efficient postal services in the world. I would ask the Postmaster General whether at any time he has had any intention of making any changes and whether he would consider the services that those employees have given to this country, and bear this in mind whenever he might have intentions of changing any of the personnel.

I should like to take a minute to say that when the Postmaster General was on this side of the house—and I have great regard for him and I have known him for many years—practically every day he would rise in his place in the house and denounce the once-a-day delivery. Being a businessman I approved of his action at the time. I believe he was sincere and whenever he rose to denounce the once-a-day delivery I was glad to hear him do so. And then he became a minister and, alas, he changed his mind completely. He was no longer a twice-a-day delivery fan, but he thought that the public was well served by having one delivery a day. What caused him to change his mind? He is a practical businessman. He must know that while it may not be economic as far as the post office is concerned, yet the hardship that it causes the people and the loss to the business firms in having only one delivery a day far exceeds the economies of the Post Office Department. He must realize that while it may cost the post office possibly a small amount less than it would if we had two deliveries a day yet it may be causing unemployment at a time when unemployment is rife and we need to have a job for every man. Is it really an economy? If we had these men and women working in the post office they would be drawing a salary and they would not be on the unemployment role and they would pay back in income tax possibly just as much as we are paying them now in unemployment benefits. Frankly, I do not think it is an economy. I think the minister should think back to the time when he was on the opposition side and when every day he said that we should have two deliveries a day.

The minister talked about electronic machines. I have no doubt they will be a wonderful improvement for post offices throughout the country. Automation is becoming a necessity. We must all look forward to evolution and I believe that some day we will have to have these machines. But does the minister think the time is right to introduce these machines, thus putting people out of post offices throughout the whole country because a lesser number of people will be required? I think he is making a big mistake. Possibly a few years from now

when unemployment may have ceased to exist, and I hope that it will, will be time enough to instal these machines and to put in the best systems that can be installed in our post offices throughout the country. But I think it is a very bad thing for the minister to increase the unemployment rolls at the present time. Many questions have been asked today and before I sit down I should like to ask the minister if he does not think it would be a good thing for him to reply to some of them now.

Mr. Ricard: Mr. Chairman, as usual I simply want to say a few words. My reason for rising is that I want to put before the minister a request made by the town of Acton Vale which is in another constituency than my own. Acton Vale is a progressive city and has requested me to use my influence with the Postmaster General to secure the building of a post office there. I know the city of Acton Vale very well. In recent years many industries have been established there and I think it would be most fitting if a post office would be erected there. I make this request to the Postmaster General.

Mr. Hamilton (Notre Dame de Grace): Mr. Chairman, to take some point of departure in this debate, the hon. member for Outremont-St. Jean was kind enough to invite me to answer some of the questions which have been asked. Well, let us take one observation he made a little while ago to which reference has also been made by a number of opposition members. I am going to use this as an example of much of what has been going on today. On May 20 of this year, as found at page 280 of *Hansard*, the hon. member for Outremont said:

> What a wonderful difference there is between sitting in the opposition and being a member of the government.

After a few other words he went on to say:

> When he was on this side of the house he protested continually about the many thefts that were taking place in the post offices throughout the country. These thefts still go on just the same and he seems to do nothing about the matter. Possibly he tries but he cannot do anything about it. If we look at all the bank robberies that are going on throughout Canada today we realize it has become almost an impossibility to check them.

All through this morning and this afternoon we have heard that same type of approach being taken in the debate. "Here is what the minister said." "Why has he not done anything about it?" All right, let us take this question as an example. The fact of the matter is that in the year ended March 31, 1958, nine months of which were under my administration, while robberies in post offices did increase from 159 in the previous year to 191 the actual losses in those robberies declined from $161,500 to $130,100. The reason for that is simply that instead of the previous, self-satisfied, take-what-may-come attitude of the former postmaster general we went after this thing, introduced, as I pointed out to the house this morning, various security measures and we got results and cut down losses.

Mr. Martin (Essex East): More robberies.

Mr. Hamilton (Notre Dame de Grace): Unfortunately we are not in a position to control the number of people who decide to break into post offices but we certainly are in a position to control the care of our own valuables. That is what we have done and it is typical of our record.

There is another point I want to make since we are on this matter. Incidentally, I want to congratulate the Liberal opposition on the excellent research they have done. Every one of them has been rustling sheets of paper containing quotations from *Hansard* and passing them from one to another. In fact, the finest example of this co-operation was when a couple of Liberal members rushed over to the hon. member for Burnaby-Coquitlam of the C.C.F. group when he was speaking with what they thought was a quotation which would help the hon. member. Hon. members will recall that I asked the hon. member for Vancouver East to prove what he was saying by quoting from *Hansard* but he could not find the quotation.

What I want to get at is this. My interest in the department and its administration has not simply arisen following my appointment as Postmaster General. A number of hon. members, and I am very grateful for it, have referred to my interest in the department and my activities over the years. Dealing specifically with the question of robberies and thefts from post offices, I have given the facts as to the results. This morning the hon. member for St. Denis asked for certain figures as to burglar alarms and thefts. I will give the figures later as to thefts but let me deal with burglar alarms for the moment because hon. members will see the development of an interesting situation.

As I said, my interest in the department has extended over a number of years. Liberal members have drawn attention to the fact that I laid great emphasis on the matter of thefts over a number of years. If we take the year 1956 we find that prior to August of that year there had only been 21 burglar alarms installed. I do not have a break-down as to how many were installed between that time and June 10, 1957, and how many after June 10, 1957, but in that period, after pressure had been exerted in this connection, 17

more were installed or almost a 100 per cent increase in burglar alarms. There were 11 buzzer alarms before August, 1956, and that figure was increased by 50 per cent. Six were added. There had been 75 safes with money chests prior to August, 1956 and subsequent to that time another 137 were added or almost 200 per cent more.

Here is the picture of what has been happening as a result of our efforts in connection with this department. Now, I want to deal with those questions where hon. members claim there has been no action. I have so many quotations here that I cannot begin to use them. The hon. member for St. Denis said nothing has been implemented. I think that is typical of what was said. Now that is the same argument that has been put forward from time to time, quite unfairly I think to other ministers as well, that criticisms made when we were in opposition have not been acted upon when we came to power.

In the case of mechanization, modernization and the development of electronic sorting equipment, I pounded away at that when I was in opposition. I made the suggestion in opposition that there should be closer co-operation between this country, the United States and the United Kingdom in examining developments and exchanging information. Nothing was done. When I came into office as Postmaster General I did have meetings in Washington; my officials and I have been to London; the United States and United Kingdom officials have been here to Ottawa and to other postal areas in Canada. This is a solid achievement that has been carried out.

Mr. Hardie: Who initiated the postal congress here last year?

Mr. Hamilton (Notre Dame de Grace): The universal postal union, as it happened, five years before at their meeting, when they decided to come here.

Mr. Hardie: You admit you did not have anything to do with it; good.

Mr. Chevrier: May I ask the minister a question? Has he completed the matter of thefts in the department? I want to ask him a question dealing with that, if I may.

Mr. Hamilton (Notre Dame de Grace): I am following a certain line of thought, Mr. Chairman, in order to attempt to deal with the questions which have been raised to date. Perhaps if it is agreeable to the hon. member we could have my officials come down here when the detailed consideration commences—

Mr. Chevrier: Perhaps I could ask the question now. Has the minister given consideration to a recommendation which he made when he was on this side of the house with reference to these thefts, namely that the whole matter of protection in post offices be turned over to the Royal Canadian Mounted Police? Did he give consideration to that suggestion and has he asked the mounted police to take over the protective aspects of the post office?

Mr. Hamilton (Notre Dame de Grace): In answering the hon. member's question, I would say there is a good deal of co-operation between the Royal Canadian Mounted Police and my own department. On the other hand, there are areas in Canada where the provincial police force is formed of other than the Royal Canadian Mounted Police and it, therefore, is not practical to use them for specific post office investigations. I think that is the answer to the question.

Mr. Martin (Essex East): Was that not the reply given to the Postmaster General when he was on this side?

Mr. Hamilton (Notre Dame de Grace): I never said that the previous government was always wrong. I said that sometimes they were wrong.

Mr. Martin (Essex East): In this instance you are now saying the previous government was right.

Mr. Hamilton (Notre Dame de Grace): I never disputed many of these facts which were given to me. In many cases I was searching for information, not attempting to criticize. Let me just deal with this type of interruption which I am getting at the present time from the hon. member.

Mr. Martin (Essex East): It is not an interruption, it is a question.

Mr. Hamilton (Notre Dame de Grace): I was trying to follow a trend of thought and I am going back to it. A few moments ago I began to follow this trend of thought, and here is a quotation which deals with various observations which have been made today, particularly by the hon. member for St. Jean-Iberville-Napierville in French, that I was critical of the whole Post Office Department; that I was so bitter about these people and the previous administration. I quote, Mr. Chairman, from *Hansard* of March 1, 1957, page 1805, from my own remarks:

> The minister has heard, and rightly so, praise and commendation from all parts of the house this afternoon for certain aspects of the operations of his department, and more specifically for the efforts put forward by the mass of the employees in the post office department whose number totals, if I remember rightly, some 50,000. That is as it should be. These are hardworking, conscientious people who are giving devoted service to their country. They are handling nearly four billion pieces of

mail a year, and I join with other hon. members in commending them for their devotion and hard work.

Let me say this, Mr. Chairman. I hope the Postmaster General will not be led by that into rising subsequently and saying, "You have said so many nice things about my employees that those of you who have made certain critical observations are just unreasonable, carping critics who are contradicting themselves and contradicting other people within the party." Praise for the staff of the post office department and for their efforts does not necessarily include praise for the policies of the department, the expenditures of the department or certain of its actions, and I think that point should be made so we do not have any misunderstanding.

This same misunderstanding has arisen here this afternoon time and time again. Because I criticized the minister, because I singled out certain aspects of the administration for criticism and because I asked some questions, that does not mean I was bitterly opposed and critical of the entire administration.

Mr. Rouleau: You have changed your attitude since.

Mr. Hamilton (Notre Dame de Grace): No, let me go back to the point with which I was dealing. I was dealing with the suggestion that there have been no changes in the department as a result of the new administration, and I referred to modernization and mechanization.

In the case of stamp design, we have enlarged the field from which advice is sought and proposed the establishment of the stamp advisory committee to which I referred today.

In the case of the post office savings bank, we are now having a look at the possibility of extending its facilities to areas where it will not be in competition with commercial banks, and curtailing those facilities where perhaps the banking facilities are adequate. I do not know whether or not this is going to be practical. We are in the process of investigating that.

In the case of stamp vending machines, we have doubled the number installed and we have an additional 500 to be delivered by the end of this year.

Another matter we went over was the reference I made to the security of postal values.

In the case of our general personnel policy we have introduced changes, some of them requested for many years by our staff, some as long as 40 years, to improve working conditions.

In the case of our postal regulations we followed through with another aspect of our criticisms and made our regulations covering advertising and insertions in Canadian publications more realistic to enable them to compete more successfully with publications coming in from the United States.

This morning one hon. member was kind enough to congratulate us, and I am grateful to him—I think it was the hon. member for Kootenay East—upon the improvement in our correspondence. Part of this is the result of the emphasis being placed on adequate correspondence. There is a great interest in correspondence within the department, more so because most of this correspondence goes across my own desk. I, personally, was dissatisfied previously with the type of explanation and the type of reason which I was given by the minister. I felt, when I accepted this responsibility, I was going to do something to improve this and see that members got adequate, complete and satisfactory answers. I say here, Mr. Chairman, if any member, Liberal, Conservative, C.C.F., sitting in this house is not satisfied with the amount of information given in a letter from my office, he has only to ask and we will try to get him every piece of information for which he could possibly ask. I do not expect they will always agree with reasons given in the letter, but I do say that in this field as well we are dealing with criticisms which have previously been made.

I could go ahead on this score for quite a little while dealing with other developments and changes which we have made as a result of our criticisms. However, I suggest to you, Mr. Chairman, that at this point I have dealt reasonably adequately with the general criticism which was so evident in those offered today that this has just been a continuation of the old regime.

In so far as two a day mail delivery is concerned, we have had innumerable quotations on that matter from my own remarks over the years when I was in opposition. You will have noted, Mr. Chairman—and it is an interesting fact—that the great majority of these quotations were from *Hansard* of 1954 and 1955, with one I think from *Hansard* of 1956. There is a reason for that. When I came here in 1953 the one a day mail delivery situation had been instituted a comparatively short time previously. No cost figures had been introduced into the house to show what the position would be if they returned to two a day mail delivery. The necessary adjustment had not been made in many cases to fit into that one a day mail delivery picture in order to make it operate as satisfactorily as possible. When I came here in 1953 and in 1954 there was a general feeling across this country of dissatisfaction with and opposition to the one a day delivery service in residential areas. Largely perhaps as a result of the debates which we had at that time and the criticisms which we made of the one a day policy at that time the department took various steps to ameliorate

this situation. They arranged that more mail would reach the point of destination early enough in the morning to be delivered on that first delivery. They examined routes and rearranged routes in order to accommodate particular situations, particularly those of business. Finally, they came down to this house, Mr. Chairman, and put on the record adequate figures for the first time, after two years of pressure, to point out the cost increase which would result from a return to a two a day mail delivery. As a result of all this, finally when I got the information for which I had pressed for two years, my position and my view of the matter began to change and culminated in the observations that I have made today. I do not know what hon. members in this house expect—

Mr. Martin (Essex East): Did my hon. friend, as a private member, ever reveal his change of attitude?

Mr. Hamilton (Notre Dame de Grace): I beg the hon. member's pardon?

Mr. Martin (Essex East): Did my hon. friend ever communicate, after 1956, what his attitude towards delivery twice a day was while he was a private member?

Mr. Hamilton (Notre Dame de Grace): I have many examples which I could quote from the hon. member for Essex East. When he changed his mind he went to any length in order not to show that he had changed. As far as I was concerned, I have set out the story. I mitigated my criticism.

Mr. Bourget: You had not changed on March 1, 1957. Would the minister like me to read exactly what he had to say on March 1?

Mr. Hamilton (Notre Dame de Grace): No. I have it here. There was a single paragraph there which was very definitely critical.

Mr. Bourget: Would the minister like me to read it? It will be very interesting to the house, particularly after the remarks made by the minister to the effect that his ideas had changed with regard to twice a day delivery of mail. As reported at page 1807 of *Hansard* he said:

> The point I would make is that the elimination of twice a day mail delivery service has caused—

This is on March 1, 1957.

> —and is continuing to cause considerable distress and inconvenience in our metropolitan areas that are now served by letter carrier service.

If the minister has changed his mind, I do not know when he did so; probably it was since June 21, 1957, because on March 1 he had not yet changed.

[Mr. Hamilton (Notre Dame de Grace).]

Mr. Hamilton (Notre Dame de Grace): No, Mr. Chairman. This fits in perfectly with the picture I am trying to establish which was that when I came in 1953 there was general dissatisfaction with this service and that with growing emphasis in recent months it has become apparent that the normal residential householder is not unduly concerned about two a day mail delivery. But—and this is the point, and this is what I was referring to in those remarks which the hon. member for Levis has just quoted—the businessman is still concerned with getting two a day mail delivery. When I made those remarks I had in mind particularly the businessman. When I made my remarks this morning, as the hon. member who is very fair will recall, I drew specific attention to the case of the businessman operating in an area where one a day delivery is in effect and said that it presented a specific problem to such people. That is a problem which we are going to have to study and with which we are going to have to try to deal. But I wanted to give the house this morning as much information as I could and to establish the fact that, as of this moment, I did not feel that any general revision as to two a day delivery was the best policy.

Let me deal for a few moments as well as I can with the specific question of hon. members. Then perhaps we can ask my officials to come down here and deal with any more which may be asked. I find that in my general remarks here I have dealt I think with most of the points raised by the hon. member for St. Denis. Again I want to emphasize the fact that I do not accept his statement that I claimed the post office was poor or that it offered poor service in previous years. I never said that.

Mr. Denis: That is your own declaration.

Mr. Hamilton (Notre Dame de Grace): You might quote it for me.

Mr. Denis: I did so.

Mr. Hamilton (Notre Dame de Grace): My criticism was of the work of the Postmaster General. The hon. member further observed or drew the conclusion that if nothing had been implemented of the suggestions made, he would have to conclude that the former minister was a good minister and that we are only continuing his policy. The fact that I have shown that we have made so many changes, Mr. Chairman, perhaps puts a couple of negatives into that statement with regard to the good administration of the previous minister.

I have given figures concerning burglar alarms and thefts. The hon. member for St. Denis asserted that I was talking about

extravagance and waste in the post office. Here again I wish the hon. members would document their assertions because they have got themselves mixed up—and badly mixed up—in this case between what they think happened and what actually is on the record in *Hansard*. In the case of extravagance, for example, my great effort in that respect occurred back in 1954, and I based my argument completely on quotations from the department's own report —I refer to the Woods-Gordon report—in which reference was made time and again to certain inefficiencies in the department and recommendations were made for their improvement. I can remember that there were some of these observations and most of them have been dealt with by now. I have no doubt that a great many more have been dealt with than would have been the case had they not been brought before the house.

Mr. Denis: There was nothing about extravagance.

Mr. Hamilton (Notre Dame de Grace): The point is this. I was quoting the Woods-Gordon report. Since then, with one exception, I do not remember having referred to any extravagance in the post office. The one which I did deal with quite adequately was the case of the universal postal union congress here.

This was budgeted for by the previous administration in the amount of $300,000 and I have just been checking up and I find that our administration managed to put the thing through for $226,000, or a saving of $75,000. I would point out to the hon. member for St. Denis that when we talked about extravagance we meant it, and in cases like this we are able to produce proof of performance.

Mr. Bourget: On that particular point, Mr. Chairman, I am sure the minister would like to be fair, because when the amount of $250,000 was put in the estimates I believe the former minister explained to the hon. member who was at that time asking a question that it was only an estimate and that they were expecting 300 or 350 people at the postal union congress. Surely the minister would not boast that he had saved $75,000 on that estimate because the $250,000 was only an approximate figure, since they could not deal with all the details of how much it would cost and where the delegates would go, and so on.

Mr. Hamilton (Notre Dame de Grace): I do not want to be misunderstood on that point at all.

Mr. Bourget: That was the way you put it.

Mr. Hamilton (Notre Dame de Grace): There was $25,000 in the estimates for 1954-55, $25,000 in the estimates for 1955-56 and $250,000 in the estimates for 1956-57, which total $300,000 and not the $250,000 to which my hon. friend referred. The actual expenditures totalled $226,000 and our complaint was purely and simply that they were over-estimating the cost—

Mr. Bourget: There is no extravagance in that.

Mr. Hamilton (Notre Dame de Grace): —and they did over-estimate the cost. That is the only statement I am making.

The hon. member for St. Denis pointed out that every item in our estimates had increased and I think that point has been dealt with by my remarks this morning that it was as the result of the increased volume of mail and the increase in costs generally.

To take the question of electronic machines, as I pointed out this morning it is not intended that these machines should replace permanent employees of the post office. There is no doubt that in addition to the permanent employees, however, the post office has part-time people who work two, three and four hours a day in some of the major post offices and that there will be some reduction in this part-time employment. I want to emphasize the fact, however, that these are not people who depend upon post office employment for a living. It is very obvious that they do not—they are housewives and people who do such work after their regular jobs are finished. What reduction there will be in that respect it is impossible to say but this change, when it takes place will not fall heavily upon the people concerned because their post office employment is purely a subsidiary item in their lives and the turnover in these people is quite high, which indicates how little emphasis they place on their jobs.

Suggestions have been made by hon. members that we should not be examining the mechanization of the postal operations at a time when we have some difficulty with respect to unemployment, but a good administrator lives not for today alone; he lives for next month, next year, and the best administrator and planner lives and plans for the next decade. In my remarks this morning I did not talk in terms of the installation of these machines in three months or six months to any extent. It will be the beginning of 1960 before we have the prototype of these machines of which I spoke from England in operation in our Canadian post offices. In my remarks I pointed out that it

will be five years at least before we will have the general plan laid down and it will be a decade before machines are fully operating but unless we begin to plan at this time to deal with these periods of Conservative prosperity which are coming—

An hon. Member: When?

Mr. Chevrier: They are pretty slow in coming.

Mr. Martin (Essex East): The Prime Minister says we have prosperity today.

Mr. Hamilton (Notre Dame de Grace): Greater prosperity still is coming. Unless we plan now for these situations in the future we will not be able to deal with them, and that is the purpose behind this plan and the purpose behind the emphasis on mechanization and modernization of which I spoke this morning in my attempt to bring members into my confidence and to give them some understanding of what we are trying to do in this great department upon which every Canadian is so dependent.

The hon. member for St. Denis suggested we should retain files of people who apply for work in the Post Office Department. I would however point out to him that this is entirely the responsibility of the civil service commission. They recruit people and we are not in a position to do their work in any respect.

The Deputy Chairman: Once again I must advise the Postmaster General that his time has run out. Does the committee give unanimous consent to the hon. minister to continue his remarks?

Some hon. Members: Agreed.

Mr. Martin (Essex East): This will hold up your estimates.

Mr. Hamilton (Notre Dame de Grace): The hon. member for Burnaby-Coquitlam asked what had happened in my own period of administration and I think I covered that. He also inquired regarding the robberies which have occurred in the post offices in that period and with regard to small towns and villages being supplied with the same letter carrier service as the larger centres. He referred specifically to Tilbury. Actually I can understand that because Tilbury is a small community with about 1,000 points of call, as we call them in the postal service, which is organizing a campaign along with some other communities right across Canada in an attempt to get thousands of signatures with which to persuade us to extend our letter carrier service down into communities of this nature.

[Mr. Hamilton (Notre Dame de Grace).]

Basically the policy which applies to letter carrier service is that it is introduced when there are 2,500 points of call in any particular community. There are other minor considerations but that is the guiding practice and the treasury board ruling is definite on that point. We have followed a policy of not extending the service until a community has reached this point and there is a specific reason for this because that is the lowest number at which it is economical to provide letter carrier service. The average letter carrier serves 500 or 600 homes; he works five days a week and the service is provided six days a week. Therefore there must be a relief man and there must be another man to fill in on holidays and in cases of sickness and such things. It has been the experience of the department that unless there are 2,500 points of call some of these men are not fully occupied and it becomes an uneconomic proposition when you have at least half of a man sitting around—if that is possible.

Mr. Regier: Why not on a part-time basis? The minister admits he has thousands of part-time employees. Why could not these small towns have letter carrier service by people working on a part-time basis?

Mr. Hamilton (Notre Dame de Grace): That is an interesting speculation but the exigencies of the service—I find my time is running so far overtime that perhaps I could go into this matter specifically with the hon. member later—are such that it is not economical because of the training requirements of the job, much as one might like to consider extending this service to these smaller communities.

The member for Burin-Burgeo made a number of interesting remarks. Concerning TV cameras in the Peterborough area to which he referred, it has been our experience that for the general supervision of post offices these are not a satisfactory operation. I could go into the details but I will not. There may be some time in the future when consideration could be given to them as a supplement in special cases, but certainly there is no thinking at the moment that they will be generally extended. On the other hand one hon. member, I forget whom, objected generally to these observation galleries in post offices. I think in passing it is as well to say that these do serve a useful purpose and that they have obtained the approval of the great bulk of our postal employees who are honest people and who know that the occasional malefactor who turns up in their midst embarrasses them until he is caught, and I may say that the only effective way of doing that generally is by the use of observation galleries. By

the way, these only come into operation when there is some reason to suspect that wrongdoing is occurring at a particular spot in the post office.

Dealing with combined postal and telegraph offices in Newfoundland about which the hon. member for Burin-Burgeo spoke, there are 32 of these special cases from pre-confederation days. We have an undertaking to retain, in these cases, the same level of income for the incumbents who are people who have carried on under that understanding up to the present time. Twelve of the cases have been processed to the satisfaction of the people concerned. Another 20 are in the course of being processed now. By agreement between the Canadian National Telegraphs and ourselves, these people will be protected so that they will enjoy the same salary which they had at the time of confederation despite whatever technological advances may have occurred. That does not necessarily extend to all those who have come into the service since. Our undertaking is in respect of confederation.

I have been unable to locate a copy of the order to which my hon. friend referred. It is Saturday, and sections of the departments are closed. I must say that this is something neither I nor my officials with whom I discussed it at noon could understand, and we will look into the matter most carefully to see what the situation is. Basically, as far as we are concerned, we are opposed to the carrying of letters for a fee as a regular practice on the part of any private individual; in other words, we are working against anyone who attempts to avoid paying the proper rate of postage. But we are certainly not trying to be unrealistic about things.

The hon. member for Kootenay West suggested that our officials should conduct public relations campaigns in the smaller places. I could not agree with him more and I can tell him that having gone across the country myself and set that example, I am encouraging our senior staff to go out into the field and see for themselves what is happening right down to the smallest offices and to bring all the benefit they can to those areas.

We have heard the hon. member's observations on our departmental correspondence and I thank him. He has requested a brief summary of the types of post offices and the terms of employment therein. Basically, there are four. The revenue post office, the smallest, is normally located in a house or in the corner of a store, and the postmaster is paid $3,000 or less, depending on the size of the business, for providing both the service and the quarters. Veterans preference applies in this case as in others, and appointments are restricted to patrons of that particular post office.

The next type is the semi-staff post office where revenue is upwards of $3,000 and where the postmaster is under civil service regulations and where he is primarily responsible for appointing the staff underneath him. In these offices the premises are supplied by the government.

A staff post office is the largest type of post office and there you have premises supplied by the government and the entire staff appointed under the civil service commission.

Finally, in cities, you have sub post offices which are minor locations in stores. Again, this is to give service to particular sections which are not immediately adjacent to major post offices. The hours normally worked in most post offices, if my memory serves me rightly, are 40 hours a week.

I believe that criticisms which have been made by the hon. member for Burin-Burgeo and one or two other hon. members concerned salaries. Post office salaries generally, I think, are on a comparable basis with those in other government departments and in competitive types of work in private enterprise. We do have the particular case of the revenue postmasters, and I think that is where much of the misunderstanding has occurred. The revenue postmaster in most cases is not obliged to spend every moment of his time in the operation of his post office, and his remuneration could go down as low as $2.20.

Mr. Denis: Is that the minimum?

Mr. Hamilton (Notre Dame de Grace): I think it is, according to my recollection. Revenue postmasters are free to run a store, or operate a farm, or to do any one of a great many other things. Let us also face the fact that while we are tremendously helped by these revenue post offices, in many of the smaller offices the work is very light and they handle five, ten or 15 pieces of mail a day, and the suggestion that to do that we should instal a civil servant at $3,000 a year is one, which, quite frankly, does not appeal to me.

Mr. Herridge: I did not suggest that.

Mr. Hamilton (Notre Dame de Grace): I know. You are too much of a realist.

The sub offices are based completely on revenue—the amount of sales from the post office determines the income of the postmaster and the premises are supplied by the man who receives the rent.

The hon. member for Maisonneuve-Rosemont asked me not to hide behind the committee on stamp design we are proposing to

set up. I can give him an unqualified assurance that I will not. These people are there to advise the minister, but it is his responsibility.

The hon. member for Timiskaming suggested that we bond all our people handling money. That is not a practical suggestion, because everybody in the post office service handles money at one time or another. I dealt also with the observations on the post office savings bank.

With respect to rural mail, the hon. member for Timiskaming suggested an additional amount of money for winter hazard coverage. As far as rural mail delivery is concerned, the answer to that is very simple and it applies to some observations made by the hon. member for Burin-Burgeo as well. In connection with rural mail couriers, the price is a matter of tender. These people may tender any price they wish and then the contract is awarded to the lowest tenderer and, therefore, under these circumstances we do not have the responsibility for such special increases in payment to the man who, in the first instance, established the payment he wanted himself.

With respect to extensions, the hon. member for Timiskaming suggested it was difficult to get a new route set up. This may be a particular case. My earlier analysis pointed out the number of routes we had set up this year and I can assure him that if he gives me the details we shall be glad to examine them. We want to give mail service wherever it is possible, taking everything into consideration, to do so.

I am glad he likes more colourful stamps. I am sure he approves our policy of issuing stamps in two colours. I will look into the question at Elliot Lake where I know we have a difficult problem which I believe revolves around the provision of space.

The hon. member for St. Jean-Iberville-Napierville distinguished himself by saying that I was so stupid I spent five years criticizing and had no changes to make when my appointment took place. That sounds no more attractive in English than it did when he mentioned it in French. I think I dealt with that in some of my very first remarks.

Mr. Chevrier: A pretty effective speech, nonetheless.

Mr. Hamilton (Notre Dame de Grace): A pretty effective answer, I would think.

Mr. Chevrier: I do not see it.

Mr. Hamilton (Notre Dame de Grace): I am grateful to the hon. member for Brantford for his congratulations to our staff in Brantford and I will certainly pass it on. I may say that it is typical not only of Brantford but of big places like Vancouver and Winnipeg where you have to make those changes over the weekend and it represents a fantastic amount of work. Our staffs have done a magnificent job.

I am grateful to the hon. member for Waterloo North. He had 30-odd years with the postal service, and when he says it is a fine service he knows whereof he speaks.

I have dealt with the observations of the hon. member for Grand Falls-White Bay-Labrador pretty well. He referred to small salaries in revenue post offices and asked why that should be. I think we should underline the fact that in those small post offices now we are paying our people on the basis of a unit of work rather than on revenues and it results in a much fairer arrangement as far as these postmasters are concerned. I have spoken to them across the country at the various postmasters' conventions and like everyone else they would like to be paid more. However, they are appreciative of the fact that they have received the increases which were given to the civil service and which increases did not automatically apply to them. They are particularly grateful, Mr. Chairman—and this applies to the small post offices—for the fact that in the last revision of the salary increases a greater percentage increase was given to the smaller post offices than to the larger ones and the net result of that has been to even out some inequities.

I will look into the various points raised by the hon. member for Grand Falls-White Bay-Labrador, particularly in connection with the deliveries at Port Hope Simpson and Green Bay.

With respect to buildings, Mr. Chairman, let us all try to save some of the poor Postmaster General's energy and realize that honestly, absolutely and entirely our buildings are under the Minister of Public Works, although we have a good deal of co-operation between the two of us. Somebody wanted to know how these things are worked out. We establish our requirements; we review them in the field; we review them at headquarters and we transmit them to the Department of Public Works. There will be occasions on which they will dispute to some extent our requirements, not so much on the basis of what we require but as to whether a rearrangement of space may not allow us to operate more effectively. But these things are worked out. It is impossible to say who has the last word, Mr. Chairman, because they are worked out co-operatively and the Minister of Public Works and I have not yet come to blows on any occasion in connection with this and I have no intention of doing so because he is bigger than I am.

Mr. Chevrier: You will if you keep holding up your estimates.

Mr. Hamilton (Notre Dame de Grace): I am not holding up my estimates; I am trying to deal with the questions which have been raised in the last three and a half hours. I think I have answered most of the questions asked by hon. members.

I thank the hon. member for Burnaby-Coquitlam for the kind things he said. He said he hoped that regulations will play a little lesser role in our department. I cannot promise that but I think I can promise that we will try to bring a realistic, sympathetic view to the problems which face the people of Canada in so far as our own department is concerned.

With regard to the reduction in the number of post offices, that is not essentially a matter of consolidation. I cannot detail every one but I can tell him that most of those reductions occurred where the post office quite honestly had outlived its usefulness. One still finds a great many cases where the last store in a village has closed up, where nobody wants the responsibility of the post office, where the cost of operation may have been $300, $400, $500 a year and where the revenue from that same post office may have been, say, $12, indicating that just nobody had any interest in it. When we send an investigator, he discovers that everybody is going two or three times a week to a community a few miles away where they do their shopping and pick up their mail at the same time. We can discuss specific instances but generally it is not a policy of consolidating and putting out of existence the post office in smaller communities.

He suggests we should pay more attention to the boundaries of municipalities in settling up our letter carrier areas. This is a recurring problem. It is just impossible to offer adequate mail service under existing conditions, with the growth of Canada, and still carve out that service to correspond with individual municipal boundaries.

The hon. member for Macleod again dealt with the salaries of the small post offices. The hon. member for Burin-Burgeo came back, and I think I have dealt with his remarks pretty well, in connection with the relationship between public works and my own department. Because of the interest of hon. members from Newfoundland I must tell the members of the committee if they will excuse me, one of my Newfoundland stories. I went in there several months ago and in a little post office as I looked around, remarked to the postmistress that her equipment looked slightly antiquated and I thought something should be done about it. She said, "Well, Mr. Postmaster General, we have had this equipment here since confederation". To me as a central Canadian confederation took place in 1867. I nearly fell through the floor. However, when I checked up I found that in Newfoundland the time of confederation means 1949. That was yet another lesson, which I have learned so many times across Canada, of just how we have different little ideas and attitudes and how we manage to get along one with another pretty well nonetheless.

With respect to the replacing of old buildings with new buildings, Mr. Chairman, which applies to Newfoundland particularly, it is specifically a matter for the Minister of Public Works. Regarding the member's request for an example, if there is one, where the remuneration of the postmaster has been decreased when he moved from his own premises to a public building, I do not have information on that point at my fingertips but I shall be glad to look it up for him and see if one exists.

Mr. Chevrier: The Minister of Public Works looks embarrassed.

Mr. Hamilton (Notre Dame de Grace): He just looks happy because he has such a co-operative Postmaster General who is giving him every degree of assistance that he possibly can.

On the question of mail couriers in Newfoundland, I covered that before, I think. It is by tender and if they are going to deal with these heavy packages they must adjust their tender price accordingly.

I dealt at the start with the hon. member for Outremont and some of his observations. I was interested to find that he was so vociferous and enthusiastic now in support of twice a day mail delivery. I sat in the house for four years and never heard him open his mouth on the subject and I am wondering why he did not ask for it then.

Finally, Mr. Chairman, I shall refer to my colleague, the Minister of Public Works, the request of the hon. member for St. Hyacinthe-Bagot for a post office at Acton Vale because again that is specifically a decision of the Department of Public Works.

I apologize sincerely, Mr. Chairman, for having taken so much of the time of the committee in trying to answer the questions put to me. I have appreciated nothing quite so much as the few observations that have been made about the pride I take in the department. I do take pride in it. I think it is a very fine department, doing a very good job and for any questions that have come or will come from the floor of the house I believe we can produce pretty sensible and sound answers.

Mr. Carter: Mr. Chairman, I want to thank the Postmaster General for his very complete and comprehensive answers and the manner in which he has answered the questions I raised. If I heard the Postmaster General correctly when he discussed the position of the people affected by the change-over by Canadian National Telegraphs he said that there were 32 revenue post offices in Newfoundland. I presume what he meant was that there are 32 revenue postmasters left over at the present time from confederation and that it is these 32 who will receive some sort of protection against the situation that has developed from the change-over by Canadian National Telegraphs.

I am most grateful to the Postmaster General for that consideration but I also suggest to him that many of the other revenue postmasters, who may have had the misfortune to become employed since confederation, are in exactly the same position as those who were employed at the time of confederation with Newfoundland. I do believe that ordinary justice demands that some consideration be given to their plight too.

With respect to the other matter I raised about the order emanating from the local post office, like the Postmaster General I find it difficult to believe that an order would go out which would be interpreted in the way in which my constituents seem to have interpreted it. But I presume that the Postmaster General will look into this and we will hear more about it later when his estimates come before the house again.

Mr. Hamilton (Notre Dame de Grace): That is right, although I had hoped that we might get these estimates through today. If that should happen, I certainly will give the hon. member for Burin-Burgeo complete information without any hesitation.

Mr. Carter: I will not delay the minister's estimates another minute. The only other point I wish to make has to do with what he had to say about couriers. He said that they received the amount that they offered to accept when they tendered. I should like to point out to the Postmaster General that these mail couriers are at a disadvantage when submitting tenders because they do not really understand what they are tendering for. They visualize an ordinary bag of mail made up of bundles of letters and a few nicely wrapped packages. But they discover later than instead of carrying little packets of letters and a few packages they are carrying heavy objects and articles like doors, windows, screens, parts of washing machines and garden implements and other things which they do not regard as mail. If they had known that this was what they were tendering for I think they would have submitted quite different tenders. In view of the disadvantage at which they find themselves I still think they have a case when they ask that their tenders be revised.

Mr. Batten: Mr. Chairman, during the last half hour the minister has made quite an attempt to explain away statements he made in years gone by dealing with a twice a day delivery system. I feel that many of us here now who were here at that time will not readily forget the manner in which he proposed twice a day mail delivery and the frequency with which he made mention of it. During his remarks he rather left the impression that when he first came to the house this particular problem was of current interest and that over a period of four or five years public interest began to diminish and there was no longer the same need to express his opinion on the problem as there had been before.

I remember quite well when the hon. member made his maiden speech in the first session of the twenty-second parliament. At that time he gave quite an account of the need for a twice a day mail delivery system in the area from which he comes. I am going to read from the speech he made then. At that time he said, as recorded on page 343 of *Hansard* for the 1953-54 session:

> Our postal service is totally inadequate for the needs of a community such as ours. While we are essentially a residential community, stores and businesses are scattered throughout the area. We have numerous salesmen and representatives who combine both home and office. For some reason which was defended on the grounds of economy, but which still did not seem to result in any great reduction in the Post Office Department expenses mail delivery in our area was reduced a few years ago from twice a day to once a day. This has caused us a great deal of inconvenience. My riding is an integral part of a great city. It is a busy place with many interests, and it is dependent upon an adequate postal service. Many of these activities are being seriously handicapped and inconvenienced by a postal service which would be more appropriate for a small, sleepy country village.

Then he went on to say:

> We feel that we are entitled to the restoration of adequate postal facilities.

I would say to him, having said that, that surely the need for postal service in the area from which he comes has not decreased from that time to now. I am quite sure that it has not. If this country is going to expand at the rate we are told by some of the hon. gentleman's colleagues then we can look forward to the time when necessarily the larger and busier centres will be still larger and busier. I suspect that in that sense they will require a more adequate

postal service. I say to the minister now that if such a service was required in 1953-54 it is still required.

In his remarks the minister went on to say that since then there has been no great public demand for this service. Yet only a year ago he himself still maintained the same opinion. I quote again from page 1807 of *Hansard* for March 1, 1957. The hon. member for Levis has already referred to this but I am going to read the whole paragraph. Just over a year ago when he was sitting on this side of the house the minister said:

> Let me say immediately that there is no quarrel with the rural areas in their demand for a minimum delivery once a day, nor is there any doubt in the mind of any of us, I think, that certain areas now on rural routes or on box systems are entitled to twice a day delivery. The point I would make is that the elimination of twice a day mail delivery service has caused and is continuing to cause considerable distress and inconvenience in our metropolitan areas that are now served by letter carrier service. The costs were worked out in detail and presented to the estimates committee last year They represented approximately one-third of the surplus of the post office department for the year 1955-56, and they will represent less than one-half of the estimated surplus of the post office department for the current year. In other words, we could change to twice a day delivery service, five days a week, and still leave the post office department with a substantial surplus.

These are the words of the minister just over a year ago. Well, I fail to see how the minister is going to square his statement of a year ago with the statement he makes now that it is going to be too expensive. I suggest the metamorphosis of changing from an ordinary member of this house to a minister by crossing 20 feet of green carpet to sit on the treasury benches, is one that changed him from making irresponsible statements to being faced with the realities of life. I am glad that he has done that. I hope that in facing these realities of life in the Post Office Department, he will face a few of the realities in the province from which I come. I am going to tell him about those.

In a section of Newfoundland which is thickly populated for that province, the mail service is most unsatisfactory. The fault is not all that of the Post Office Department, but a great deal of it is the result of the fact that mail deliveries by the Canadian National or other boats, or in the wintertime by airplane, are not too regular. I am not going to blame the minister or his department for that. I do feel that after the mail has been landed in that area some better method could be found for delivery from the point of landing to the various places along the coast. I have made some inquiries about this problem, but to date I have not made much progress.

I go farther up along the west coast of Newfoundland, along what is known as the St. Barbe coast and I come to a place known as Hawke's Bay, which is a large logging centre. The resident population may number 600 or 700 people, but during the logging season which lasts over a period of some months, the population will increase sometimes by 2,000 people. These 2,000 people come from all sections of the coast. They do not live in Hawke's Bay, and being away from home they are naturally looking for mail. The mail service to this particular place is most unsatisfactory because the place is a little isolated. During the coming summer Hawke's Bay will be connected with one of the largest centres known as Port Saunders by a road which is now being built by the provincial government. I should like to recommend to the minister that when that road is completed the mail service could be improved at a more reasonable cost than it could have been improved last year. I suggest serious attention be given to improving the mail service for Hawke's Bay.

Then I made a request of the minister about a place called Portland Creek. In explaining about Portland Creek I would have to explain the situation that obtains within this section of Newfoundland because the mail is now able to come from an area known as Norris Point down the coast by road, but that has only been possible within the last year. So, when the mail goes from Cow Head down to Daniel's Harbour the mail carrier has actually to pass through Portland Creek. Although Portland Creek is five miles away from the nearest post office I have so far been unable to obtain any mail service for this particular place. I would hope that when the minister's estimates are through and he has time to look over things that are going to be done in the future, he will take into account this little isolated settlement of Portland Creek.

I come now, Mr. Chairman, to the question of the post office at a very lovely settlement called St. Andrews on the west coast of Newfoundland. The minister is well aware now of the conditions under which Newfoundland came into confederation so far as the postal service is concerned, and is well aware of the conditions under which some buildings were taken over as federal buildings while other buildings remained in the provincial service. Here is a building which is now federal, which is very old and no longer able to meet the needs of that area. I am not so much concerned, Mr. Chairman, with whether the building itself be large or small, so long as it is adequate. I think the building which is known as the post office should be something of a credit to the federal government. It should be a

decent looking building. I think the Postmaster General would want that type of building. I can assure him that this little building is no longer adequate to meet the needs of the people whom it serves; it is in a most dilapidated condition. I fear that some day when there is a good Newfoundland breeze this building will not stand on all fours as it has in the past. I do hope that something can be done about this to avoid any accident that might happen, and also to improve the service in that area.

In my correspondence with the department concerning this place, I fear that there has been some misunderstanding and they think I am speaking about some other place. In one letter I had from the department it was stated that this place received postal service in the summertime only. Of course, this is not true because it is served by two trains every day and is served by road during all seasons of the year and even in wintertime this road is accessible. It is quite often the centre to which mail is brought and from which mail is delivered to various points around it. I hope that it may be possible for the minister to have a look at this building and to decide that the service which it provides is not suitable for the Post Office Department. Then we could make a recommendation to my good friend the Minister of Public Works, who may be able to do something about this particular problem. I am sure the construction would not be costly and could be completed within a short time.

Jutting out from the west coast of Newfoundland is an area of land known as the Port au Port peninsula. This Port au Port peninsula has only one main point of contact with the mainland, which has a large and thriving town of Stephenville, on the borders of which the United States has had for some years a very large air force base. I am not going to give the minister a description of the mail service on Port au Port peninsula. I am going to suggest to him a survey be made of the needs of the area all along that Port au Port peninsula to ascertain what can be done to improve the service for the people who live there. Not too long ago, when the people who live within the Port au Port peninsula found work at the air force base in Stephenville, they were able to collect their mail at the local post office at Stephenville. Times are changing there and more people, by reason of having to be employed somehow, are returning to the fishing industry and are living continuously in the areas in which their homes are built. These people are feeling more keenly as time goes on the need for postal service which will be an improvement over the service now provided.

I do not want to delay the minister too long, but we have in Newfoundland numerous small buildings that are serving as post offices. Sometimes the post offices are separate buildings, sometimes they are in rooms in private houses or in a section of a store, something of that type. In many of these cases we find that the rent being paid by the postal department would not pay for the charwoman to clean up after the mail has been delivered. I recommend to the minister that a very serious attempt be made to see what can be done about renting these buildings. I will agree that many of the people who are getting little or no rent at the moment are a little bit afraid to say too much about it because they fear that the community would lose the postal service as there would be no place to house the post office. In many of these cases, the rent being paid is very small. It is really too small, as I said before, to pay for the coal and the cleaning up. It is far too small to warrant anybody building a building, even a building which might be rented in the area. I would ask the hon. gentleman if he would, if time permits, go into this whole problem of building rentals for the post office services in Newfoundland.

I intended to have something to say about the Canadian National Telegraphs and its connection with the postal service. However, my hon. friend for Burin-Burgeo has gone into that matter. I believe it is a most gnawing problem and one that is not conducive to the best of efficiency either in the post office or in the Canadian National Telegraphs. However, I am going to reserve my comments in this regard and possibly make them at a later date when the estimates of the Minister of Transport are before the house.

Mr. Denis: As we all now know, Mr. Chairman, co-operation exists between the Postmaster General and the Minister of Public Works. While they are both here and having regard to the construction of post office buildings, maybe one of the two or the two together could give me this information. Can the minister tell the committee when tenders will be called for the construction of a new postal station in the city of Cote St. Luc in the constituency of Mount Royal? Have plans been drawn? Who is the architect? When is the construction likely to start? I believe the minister in answer to the hon. member for Mount Royal stated that the building of the post office has been decided on.

Mr. Hamilton (Notre Dame de Grace): Yes. In that particular case it has been decided to put up this building. The plans are now

being drawn. Tenders will be called, I would think,—according to the information which I have received—in order to allow construction to start about mid-October of this year.

Mr. Bourget: I want to ask the minister what policy he follows in the recommendation of the construction of new post offices. Does he make a recommendation only in cases where the revenue of the post office is $10,000 or does he do so when it is less than that?

Mr. Hamilton (Notre Dame de Grace): There is a certain amount of elasticity. Certainly it is not our practice to recommend construction of post offices in areas where the revenue is less than $10,000. Where the revenue goes over that amount we may sometimes recommend the construction of a post office and find that the Department of Public Works can provide more than adequate rental space which in their judgment is better. In other cases—and there are not very many of these—where the revenue is less than $10,000 the Department of Public Works may be planning a building to incorporate two or three units in the community and decide to include us in that building. Generally, the breaking point at which one moves into the construction of a public building for a post office is $10,000.

Mr. Deschatelets: I should like to ask the minister whether construction of a postal station is planned for Rosemount. I remember that at the end of 1957 we exchanged correspondence with the previous postmaster general. Since Rosemount is a district which is developing very rapidly it is felt that a new station is in order in that district. Can the minister tell me whether there is anything on the way?

Mr. Hamilton (Notre Dame de Grace): I am sorry to keep the hon. gentleman waiting. I will have the information in just a moment.

Mr. Deschatelets: Perhaps I can help the minister out by stating that the site was on Pie IX boulevard near the new shopping centre.

Mr. Hamilton (Notre Dame de Grace): The information I have at the moment is that there is nothing immediately on the way in connection with Rosemount.

Mr. Hardie: I wonder whether the minister can tell us what has been done this year with regard to housing for post office employees in the Northwest Territories?

Mr. Hamilton (Notre Dame de Grace): That is a problem which does not apply particularly to the Post Office Department but which is generally a matter of government policy. I believe it is under study; that is to say, the provision of quarters for government employees in the north is under study by a committee of the government. As the hon. member will notice, there is a substantial increase in the amount of our estimates for the provision of this accommodation owing to the fact that we are obliged to pay more for certain forms of taxation and provision of services in the north.

Mr. Hardie: A year or so ago it was government policy that the Post Office Department supply housing at least for two of their employees, namely the postmaster in Fort Smith and the postmaster in Yellowknife. These buildings were to be completed last year. My question now relates to housing for the employees of the Post Office Department other than the postmaster himself. In this particular case, I imagine that Yellowknife would be about the only place where employees would have to be supplied with houses in order to bring their standards in line with those of employees of other government departments.

Mr. Hamilton (Notre Dame de Grace): I wish I could give the hon. member the details that he requires now; but actually, as I understand it, this is purely an extension of the housing of government employees in the north.

Mr. Hardie: Is anything being done this year?

Mr. Hamilton (Notre Dame de Grace): To the best of my knowledge, the matter is still under study by a committee of the government.

Mr. Hardie: Then nothing has been done this year to provide any additional housing units in the Northwest Territories?

Mr. Hamilton (Notre Dame de Grace): That is right.

Mr. Chevrier: Mr. Chairman, *Le Droit* of September 25, 1957, carries a report of a speech made by the minister before the advertising and sales club of Ottawa which is an organization dear to the heart of the minister, I know. The statement which he is reported to have made had to do with publicity as a means of communication between the government and the public. Perhaps he had in mind the post office at the time; I do not know whether or not that is so, Then he went on to say that in the last budget presented to parliament—that is not the one that was under discussion recently—expenditures of all departments amounted to slightly over $4½ billion which means the expenditure of about a dollar on publicity for each $900 spent on other matters. The

question I should like to ask the minister now is whether he has been able to increase that amount set out in the speech referred to in *Le Droit*, I think an example was given by the minister at that time. The reason I raise the point is that I understand that this matter has been under consideration by the departmental officials. I wondered whether the minister had anything to say on that matter.

Mr. Hamilton (Notre Dame de Grace): On the broader picture which affected the total government expenditures and total government disbursements in respect of advertising and publicity, I know the hon. member would agree with me that it would be quite improper for me to make any wide-ranging observations which are more properly the responsibility of the Prime Minister.

As far as our own department is concerned, at this moment our expenditures—and I can give them to the hon. member exactly—are very much in line with those of the preceding year, subject however to a reduction due to the fact that our film was paid for largely in the preceding year. We are now contemplating certain aspects of future operations which may require public co-operation with respect to such things as the zoning of mail if that should become once more an active issue such as in a case where a person in addition to putting the city on the address will also put a particular location within that city.

This might require additional expenditures because the purpose of expenditures on publicity and advertising is to achieve some result which will merit such expenditures, and I can assure the hon. member that any expenditures we make will be in order to achieve a specific result.

Mr. Chevrier: May I press the minister a little further with regard to this matter. Is there an increase over the amount for last year of this kind of advertising?

Mr. Hamilton (Notre Dame de Grace): The figure which was in the estimates for 1957-58 was $255,300, covering expenditures on advertising, films, broadcasting and displays, while the figure for the current year is $216,700. That is a decrease of $38,600. The decrease is primarily, as I have said, due to the fact that the post office film was paid for in the preceding year.

Mr. Chevrier: May I ask the minister a further question. According to the Ottawa *Journal* of September 10, 1957, the minister made a statement referring to the 12,000 rural mail carriers in Canada, and I quote his words which were reported as follows:

> 12,000 rural mail carriers in Canada have been warned to refrain from political activities at the risk of losing their contracts with the dominion government. A Post Office Department directive to be read by all mail contractors was approved by Postmaster General Hamilton a month ago and has gone forward to post office districts over the signature of Sarto Chartrand, post office director of transportation.

May I ask the minister if following this statement and because of the directive referred to there have been any dismissals from the post office?

Mr. Hamilton (Notre Dame de Grace): In the case of rural mail carriers, Mr. Chairman, the answer is no. The hon. member is asking now about political activity on the part of rural mail carriers?

Mr. Chevrier: Yes.

Mr. Hamilton (Notre Dame de Grace): The answer is no.

Mr. Hardie: Some weeks ago I noticed in the Edmonton *Journal* that the Post Office Department was now routing mail for Uranium City, Saskatchewan, via Saskatoon and Prince Albert rather than, as formerly, via Edmonton by C.P.A. to Uranium City. I wonder if the minister could give us the reason why this service has been changed and could also give us an idea of the cost of transporting mail from Saskatoon to Uranium City as against Edmonton to Uranium City?

Mr. Hamilton (Notre Dame de Grace): I will be delighted to give the hon. member the information he requires. Actually it is a technical matter having to do with our transportation vote and if he would wait for a moment or two until the expert on this question is here and we come to that item in the estimates I will be glad to give him an answer.

Mr. Chevrier: May I pursue the question I asked concerning political patronage a little further? The minister has said that no rural mail carriers have been dismissed and I would like to ask whether in any other branches of the post office there have been dismissals because of political patronage?

Mr. Hamilton (Notre Dame de Grace): Mr. Chairman, there has not been a single dismissal in my department because of political patronage in the way suggested by the hon. member. However, I think I know what he is trying to get at and I want to help him if I can. There has been one dismissal for political activity on the part of an employee in respect of which an affidavit is on file from the employee concerned admitting the particular political activity.

Mr. Bourget: A few minutes ago the minister told us that the international postal convention held in Ottawa last year cost $225,000.

Mr. Hamilton (Notre Dame de Grace): What I said was $226,000.

Mr. Bourget: $226,000—would he give us the breakdown as to hospitality, transportation, staff, and so on?

Mr. Hamilton (Notre Dame de Grace): Yes, Mr. Chairman, this is something we have available because we felt sure someone would be interested in it. I do not know how much detail the hon. member would like but I will give him a reasonable amount and if he finds it insufficient I will give him more.

The administration covering salaries of House of Commons staff was $22,000—I will give these in round figures—the reporters' travelling and living expenses were $3,000; the travelling and living expenses of certain other non-Canadian people were $4,500; expenses of printing, stationery and various other items totalled $55,900; sundries in that classification were $460; provision of equipment for simultaneous translation and so on, $6,790; provision of accommodation—and I here refer to accommodation when we were travelling and when these people were our guests in various parts of Canada, and the same applies to the following two or three items—$33,384; meals under the same circumstances, $20,850; entertaining in Ottawa and elsewhere of specific people, $3,090; gifts, because it is customary at these international conventions to present them with a booklet of stamps of the country concerned and to provide other publicity items which are given as souvenirs of the country—$15,000; transportation in connection with trips, $21,800; and the delegates were also given very adequate photographic albums and coverage costing $4,160, and that adds up roughly to $192,000, to which we add $34,000 from the previous year's expenditures, mostly in connection with the system of simultaneous translation, for a grand total of $226,000.

Mr. Bourget: May I ask the minister if he has disposed of that system of simultaneous translation?

Mr. Hamilton (Notre Dame de Grace): As I remember it, Mr. Chairman, this never belonged to us; it was equipment which was the property of the national defence department. That department bought it and we paid the cost of putting it together and operating it while it was here but it was then returned to the Department of National Defence.

Mr. Bourget: Would part of these expenditures be invoiced to the postal union?

Mr. Hamilton (Notre Dame de Grace): There may be a few minor items in that category but the great bulk of these expenditures are properly chargeable to the Canadian government as host and organizer of the convention.

Mr. Batten: Could the minister tell us the number of people employed in administration in the province of Newfoundland and the cost of administration in that province and could he also give us the same information with respect to the province of Nova Scotia?

Mr. Hamilton (Notre Dame de Grace): I am sorry, but I have not that information available. I will be very glad to give it to the hon. member during the debate, or see that it is sent to him.

Mr. Batten: That will be perfectly satisfactory.

Mr. Denis: Talking about expenses, may I ask the minister about the item under travelling expenses amounting to $80,000 on page 438. And then if the minister will turn to page 442 he will see there under travelling expenses an amount of $387,750. I have here a statement which was made by the hon. gentleman while he was in opposition, and I quote from his remarks at page 4186 of *Hansard* on May 27, 1955:

> Finally . . . I would ask the minister to tell us why his travelling expenses have had to go up from $35,300 to $100,400. Even with all the effort put forward by this government in finding new and fanciful ways of spending public money, that is an accomplishment of which he may well be proud.

Of course, the hon. minister was then talking about the expenses of the department and not about the expenses of the Postmaster General himself. Now I have just mentioned a couple of items amounting to at least $460,000, and I ask the minister whether he is in a position to explain this large increase in travelling expenses and, if he is not in a position to do this, whether he will apply to himself the remarks he made about the former minister?

Mr. Hamilton (Notre Dame de Grace): Of course, the increase in travelling expenses in this particular estimate has not been anything like as great as the increase to which the hon. member has just referred in the estimates of the previous minister. I think it was from $35,000—

Mr. Denis: To $100,400.

Mr. Hamilton (Notre Dame de Grace): In other words, when you find an increase of from $35,000 to $100,000, that is quite legitimately the cause of a question. The particular case we are discussing concerns $80,000 in the estimates as against $80,000—the same amount—in the estimates for the preceding year, and in the other case it is $387,750 as against $345,150, an increase which is slightly over 10 per cent. The reason, of course, for our travelling expenses is that we have a fantastically far-flung postal department with headquarters in Ottawa and the necessity of covering all Canada to inspect post offices, and to have officials dealing with special situations. And you have hundreds of men—that figure is, perhaps, a little fanciful—scores of men, certainly, who are on the road every day in the year, and that is the basic reason for the travel expenses as such. The increase is simply and solely due to the fact that it costs slightly more to travel today than it did to travel last year. And also, in line with the undertaking I gave to the hon. member for Kootenay West, we are laying emphasis on getting our senior people out into the field in order to get in touch with conditions, and one does these things at an expense.

Mr. Bourque: Mr. Chairman, is this the estimate where we can ask the minister what the additional cost would be to have a twice a day delivery?

Mr. Hamilton (Notre Dame de Grace): Technically it would come under operations, Mr. Chairman. We could give the figures now, but just think how wonderful it would be if we could put this item through and then deal with it under operations where it would properly come.

Mr. Chevrier: Referring to the travelling expenses, may we have from the minister a statement as to the over-all travelling expenses of the department. He has dealt with two items, one under the first vote, and the other with regard to which a question was raised by my hon. friend from St. Denis. I do not know whether these two items cover the whole field or not. What is the total amount?

Mr. Hamilton (Notre Dame de Grace): I will be glad to give that figure. It is $80,000 under administration, $387,750 under operations, $10,000 under transportation and $3,500 under financial services. That is $479,000 I think.

Mr. Bourque: I have quite a few questions, and I was wondering whether I could ask them now or at some other point. For instance, I want to know about the cost of these electronic machines and the cost of this advisory council for the changing of the design on stamps, and why the stamps must be continually changed. Would I get an answer to those questions later on?

Mr. Hamilton (Notre Dame de Grace): The hon. member for Outremont-St. Jean will have an answer from me on any question he cares to ask, but I do not think I will be able to answer any of those questions now, because it is six o'clock—unless the committee wishes to sit later, in which case I would be perfectly agreeable.

Some hon. Members: Six o'clock.

Item agreed to.

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

BUSINESS OF THE HOUSE

Mr. Chevrier: I take it that Monday is private members' day. Would the leader of the house care to tell us what the business will be on Tuesday?

Mr. Green: On Tuesday we will commence with item 4 on the order paper, the house in committee on an act to amend the Canadian Farm Loan Act. We will then take item 21, the resolution concerning the Financial Administration Act; then the budget resolutions, item 22 on the day's order paper. After that we will take item 3, the house in committee on the Estate Tax Act; item No. 10, second reading of a bill to amend the Income Tax Act; item No. 12, second reading of a bill to amend the Loan Companies Act; item No. 13, second reading of a bill to amend the Trust Companies Act; and item No. 20, the resolution concerning the Children of War Dead (Education Assistance) Act.

Mr. Chevrier: I see the Minister of Finance is going to have a busy day.

Mr. Fleming (Eglinton): Not any more than usual.

Mr. Chevrier: Can the minister indicate what the business may be on Wednesday?

Mr. Green: I am not sure, Mr. Speaker. We may go on with these items I have mentioned or we may take estimates.

Mr. Chevrier: Thank you.

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

ANSWERS TO QUESTIONS

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

COMBINES INVESTIGATION ACT INQUIRIES

Question No. 148—**Mr. Howard:**

1. How many inquiries under the Combines Investigation Act were instituted during the fiscal year ending March 31, 1958?
2. How many of these were made (a) under section 7 of the act; (b) ordered by the director; (c) by order of the minister?
3. In each case, what was the nature of the alleged offence and the names and addresses of the persons, organizations or corporations involved?
4. Which of such inquiries (a) are still under investigation; (b) were discontinued; (c) referred to the restrictive trade practices commission; (d) resulted in prosecution or other legal proceedings being taken?

Answer by: **Hon. E. D. Fulton (Minister of Justice):**

1. Sixteen.

2.(a) None; (b) fifteen such inquiries were commenced by the director pursuant to section 8(b) of the Combines Investigation Act which provides that the director shall cause an inquiry to be made whenever he has reason to believe that the sections of the anti-combines legislation have been, are being or are about to be violated. One such inquiry was commenced by the director pursuant to section 42 of the act which provides that the director may carry out an inquiry concerning the existence and effect of conditions or practices relating to any commodity which may be the subject of trade or commerce and which conditions or practices are related to monopolistic practices or restraint of trade; (c) none.

3. Five of the inquiries relate to the merger, trust or monopoly provision (section 2(e)); four relate to combinations in restraint of trade; five relate to predatory or discriminatory pricing (section 412 of the Criminal Code); one relates to resale price maintenance; and one relates to section 42 of the Combines Investigation Act above mentioned. It is not considered advisable or appropriate to publish further details relating to an inquiry unless and until a report has been made to and published by the minister.

4.(a) Fifteen; (b) one; (c) one; (d) none.

INTERNATIONAL CONVENTION ON NARCOTIC CONTROL

Question No. 160—**Mr. Martin (Essex East):**

1. Has the government received from or through the United Nations a copy of the proposed convention to replace all existing international treaties for the international control of narcotics?
2. If so, was the Canadian government asked for comments on this proposed convention?
3. What reply has been made by the government?

Answer by: **Hon. Sidney E. Smith (Secretary of State for External Affairs):**

The draft single convention on narcotic drugs underwent some revision at the thirteenth session of the narcotics commission of the economic and social council which met in Geneva in May this year. The commission agreed that the text of the convention as revised should be forwarded to the economic and social council with a recommendation that it be referred to governments by the secretary general for comment and that a plenipotentiary conference be convened in 1960 for consideration of it.

The economic and social council is meeting at present in Geneva. If it approves the recommendations of the narcotics commission we can expect that the convention will be sent to governments for their comments shortly after the session which is due to end on August 2, 1958.

[The following item was passed in committee of supply]:

POST OFFICE DEPARTMENT

304. Departmental administration, $1,886,095.

HOUSE OF COMMONS

Monday, July 28, 1958

The house met at 2.30 p.m.

HOUSE OF COMMONS

AMENDMENT OF PRAYER FOLLOWING DESIGNATION OF PRINCE OF WALES

Mr. Speaker: In view of the announcement in the house on Saturday last by the Prime Minister that Her Most Gracious Majesty the Queen had designated His Royal Highness Prince Charles as Prince of Wales, it appeared to me that it would be appropriate to amend the wording of the prayer for the royal family to give effect to the change in the title of the heir apparent. May I have the approval of the house to the appropriate change, which I took the liberty of making in reading the prayers today?

Some hon. Members: Agreed.

PUBLIC SERVICE

ANNOUNCEMENT OF INCREASED PENSIONS FOR SUPERANNUATED CIVIL SERVANTS, ARMED FORCES PERSONNEL AND MOUNTED POLICE

Hon. Donald M. Fleming (Minister of Finance): I should like to make a statement, Mr. Speaker, relating to the provision which the government intends to recommend to parliament at the present session to increase pensions, based on length of service, of former members of the civil service, the armed forces, and the Royal Canadian Mounted Police, in those cases where the recipient has been retired for a number of years. The proposed provision will also extend to the widows and children of former members of the three groups on a similar basis.

In the course of long personal study of this subject, I have found it one of the most complex problems which I have faced in this portfolio. It would have been the wish of the government to bring this proposal before parliament at an earlier date had the problem admitted of an easier or simpler solution.

Apart from the relatively minor increase which was made in the pensions of certain former members of the Royal Canadian Mounted Police in 1925, the measure now proposed is unprecedented in Canada in federal legislation dealing with long-service pensions. Prior to 1945 the pensions of the three groups I have mentioned were such that there was no strong demand for an increase. Since 1946, however, a combination of the rise in the cost of living and in the general salary levels of the three groups in the public service has led to increasing representations not only by retired members of the three groups but by members of the house and the various civil service organizations.

The representations affect pensions related to length of service, and accordingly the present proposal does not affect pensions payable under the Government Employees Compensation Act, the Pension Act, and the Royal Canadian Mounted Police Act in respect only of disability or death arising from service, nor pensions payable under part IV of the last named act.

There are, in round figures, 23,000 former civil servants or their widows in receipt of pension. Of these 10,000 are over 70 years of age and 6,700 are between the ages of 65 and 70. The government decided, however, that old age pensions and old age assistance should not be taken into account in determining the proposed increases in pensions based on length of service.

A survey which has been recently conducted shows that in most cases the small pensions are attributable to short service. While at times in the past a pension could be paid for less than five years' service, now under the Public Service Superannuation Act the cases where a pension can be paid for such short service have almost disappeared, and the normal pension is payable on retirement for age or disability after a minimum of five years of service, and a widow's pension is payable if her husband had at least five years of service. Thus a minimum pension of 10 per cent of average salary is payable in the case of a civil servant himself or 5 per cent in the case of his widow.

The survey has also demonstrated that, as a result of the general increases in salaries in recent years, persons retiring in this period can receive higher pensions after shorter service than those who retired from the same positions in earlier years with longer service. This situation has naturally caused dissatisfaction.

It does not seem to the government to be fair to the employee with long service to supplement only the very low pensions.

Generally speaking this would tend to favour those who have given a relatively brief portion of their working lives to the service of the federal government, or those employees who rendered longer service in quite junior positions.

It is equally clear that a flat percentage increase in all pensions would be inequitable. It would favour those now enjoying the larger pensions, particularly those who retired recently. Moreover, the pensioners who retired ten years ago have a higher claim for an increase in their pensions than those who have been retired more recently with pensions more closely related to the present higher scale of salaries.

On the other hand, if the basis of increase were a flat percentage confined simply to all pensions commencing prior to a determined date, a pensioner retiring immediately prior to that date would have an unjustified advantage over a person retiring immediately thereafter with the same service to his credit.

There is an additional complication to be considered even for those retiring at the same time, because of the fact that there are six different benefit formulae to be considered when determining what increase should be made in the pensions of the three groups under review, namely former civil servants, members of the armed forces and members of the R.C.M.P. Depending upon the time at which the individual affected qualified under the relevant pension statute, he will have received a pension of 2 per cent of a certain salary or average salary over a certain period for each year of service up to 35. This period on which the average salary is based ranges from the most favourable extreme of the final salary in the case of long-time members of the armed forces and the R.C.M.P. to the average salary over the last ten-year period of employment in the case of civil servants. In between these extremes there are four other formulae using the salary for the last year and the average salary over the last three, five and six years of service respectively. The fact that pensions are payable to members of the armed forces and the R.C.M.P. immediately on retirement at an age which may be earlier than the civil service immediate pension age of 60 makes the usual military or R.C.M.P. pension even more valuable than the usual civil service pension.

In the studies which have been made it has been recognized that those whose salary for pension purposes is based on the shorter period of time will retire on pensions more closely related to the level of salaries at the time of retirement than do the ten-year average cases, and so will have gained a greater pension benefit from general salary increases in their last years of employment.

[Mr. Fleming (Eglinton).]

The government has come to the conclusion that the method of adjustment chosen should take account of these factors, otherwise the disparity in pension as among the various groups would become even greater. For this purpose more than one series of adjustment factors has been worked out in relation to the change which has taken place during the period on which the average salary in question is based. This method has the effect of bringing closer together pensions for the same period of service and salary under the different formulae.

After careful study of all the complicated factors involved, the government proposes an increase of a maximum of 32 per cent of the first $2,000 of the pension of those pensioners who retired in 1945 and earlier years. The percentage of increase will be lower for those retiring since 1945. The effect of this graduation in the increase will confine benefit as follows: To those who retired prior to 1953, on the ten-year average formula; to those who retired prior to 1952, on the six-year average formula; to those who retired prior to 1951, on the five-year average formula; to those who retired prior to 1950, on the three-year average formula; to those who retired prior to 1949, on the final year formula; to those who retired prior to 1948, under the final salary formula. This difference in the cut-off dates arises from the fact that those whose pension formula is based on the shorter average salary period have already gained a benefit from that formula in the form of a higher pension as the result of the introduction in the years just before their retirement of general salary increases which helped to a much lesser extent those subject to the longer average salary period.

It is proposed that the increase in the pension shall be confined to pensions not exceeding $3,000 per annum, and that the total of the increase and the pension combined shall not exceed $3,000.

In the case of widows and children the percentage of increase will be that appropriate to the year of the husband's retirement or death while in the service, whichever is applicable, and will be calculated on the first $1,000 of pension for a widow, with corresponding amounts for the children. The increase will be limited, in the case of a widow, to pensions not exceeding $1,500; and in the case of her child to pensions not exceeding $300. In the case of an orphan child the increase will apply on pensions not exceeding $600. In each of these cases the pension and increase combined will not exceed these respective amounts.

It is estimated that the increases will apply to some 15,000 pensioners, including 12,000

former civil servants, 2,500 former members of the armed forces and 600 former members of the R.C.M.P. These figures include the widows of deceased pensioners. The estimated cost of the increase is approximately $3,300,000, for a full year at present.

The government proposes that the increases take effect from July 1. In view of the advanced stage of the present session the government proposes to insert a special item in the further supplementary estimates which will be introduced in parliament at the present session to provide for the payment during the present fiscal year. Further details will be available at that time. It is the government's intention at the next session to introduce legislation to provide continuing authority for these increases. It is expected that the retroactive payments will be available to recipients in the autumn. The precise date will naturally depend on the course and duration of the present session.

In conclusion I should like to express my gratitude to the advisory committee of the Public Service Superannuation Act for the very helpful advice I have received from time to time from that group, which is composed of equal representation from the official and staff sides of the public service.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I happen to be a pensioned civil servant, so perhaps in the strict application of the conflict of interest principle it is not appropriate for me to make any comment upon the interesting statement the minister has just made. Nevertheless, I am very sure that all others concerned will have heard this announcement with great pleasure and satisfaction.

I take it from what the minister has said that the action taken by the government does not extend to C.N.R. pensioners, and I would like to ask him whether there is any intention on the part of the government to include this group of pensioners under this scheme at a later time.

Mr. Fleming (Eglinton): No, Mr. Speaker, this does not include Canadian National Railways pensioners. They, of course, come under the jurisdiction of the Canadian National Railways. This provision applies to three groups, the civil servants, the R.C.M.P. and the armed forces.

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, we in this group remember how for so many long years the former member for Winnipeg North Centre brought the cause of these pensioners to the attention of the government.

Mr. Murphy: He was not the only one.

Mr. Regier: We also remember reminding a previous minister of finance that, whereas the parliament and the government of Canada were responsible for the fiscal and financial affairs of the nation, they also had a responsibility with respect to the buying power of the pensioners' money.

We remember the former minister of finance saying that if he could find the solution he would be one of the ministerial marvels of the world. I am now hoping that the present Minister of Finance is one of the wonders of the world.

We welcome most heartily the announcement that has been made and, like the leader of the official opposition, we regret very much that the minister has not seen fit at this time to include in this righting of a long-felt wrong the plight of the retired railroad workers as well.

THE BUDGET

TABLING OF AMENDMENTS TO BUDGET RESOLUTIONS

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, may I by leave of the house table, and ask to have printed in today's *Votes and Proceedings* for the convenience of hon. members, the amendments which it is proposed to introduce in the budget resolutions when they are reached tomorrow?

Some hon. Members: Agreed.

MOTION FOR PAPERS

FEDERAL-PROVINCIAL TAX-SHARING AGREEMENTS

Motion No. 27—**Mr. Argue:**

For a copy of all correspondence exchanged since June 21, 1957, between any member of the provincial governments and any member of the federal government, concerning the federal-provincial tax-sharing agreements.

Hon. Donald M. Fleming (Minister of Finance): Subject to the usual reservations as to the consent of the provinces concerned, there is no objection to this motion. I think it is likely that the greater part of the correspondence has already been tabled, but we shall be glad to see whether there is any remaining within the scope of this motion.

Motion agreed to.

FINANCE

PROPOSAL FOR JOINT LOANS TO TOURIST RESORT OPERATORS

Mr. G. H. Aiken (Parry Sound-Muskoka) moved:

That, in the opinion of this house, the government should take into consideration the advisability of introducing legislation to authorize the making of loans, jointly with an approved lending institu-

tion, to tourist resort operators for the purpose of constructing or making capital improvements to tourist accommodation.

He said: Mr. Speaker, the subject of this resolution is of considerable urgency and interest both to the people of this country and to hon. members of the house. I feel that it has received insufficient attention from a large section of the population and, moreover, I think the subject is one which has not been recently discussed in parliament.

Before proceeding to deal with the financial aspect of the resolution, I should like to place the tourist industry in its proper perspective with regard to the national income. As a direct source of foreign money the tourist industry in Canada ranks third after newsprint and wheat. In 1957 we received in Canada no less than $362 million in tourist funds from all sources in connection with the tourist industry. In 1957 the tourist resort industry came second among Canada's industries in terms of receipt of United States dollars. In that year $328 million came to Canada from the United States in connection with the tourist business. The tourist business comes third in receipt of foreign dollars from all sources and second in receipt of United States dollars.

In the third place, the tourist industry is a major source of employment in this country. The indirect sources of employment are much greater than the direct. For that reason we sometimes do not consider that the published figures are correct. If we consider merely those dollars that come into the country and if we consider merely those dollars received by the tourist industry itself we do not get a complete picture, because we must consider all the money that is spent in Canada by tourists in places that are not tourist locations. For instance, we must consider the merchandise they purchase, the money they spend in restaurants and stores and things of that nature to get a complete understanding of the situation.

The tourist economy is important for another reason. It does not require any outlay by the government or any public services. The product involved in the tourist industry, as it were, is the beauty of Canada's scenery and her rich resources. The only thing the government has had to do thus far has been to advertise, and that has been very well done by various government agencies. The tourist industry does not deplete our natural resources. Those who come to visit Canada, for the most part, come to look at our scenery. They take away with them the memory of a holiday spent in beautiful surroundings, but they take nothing more of a physical nature except those goods they have purchased.

Another feature of this industry is that we do not have to transport any particular product to market. We do not have to do what must be done in connection with wheat and many other products which have to be shipped to some other country. In the case of the tourist industry the people come here to buy the product.

And finally, the tourist industry is something we in Canada have taken for granted for some time, and therefore through neglect we are beginning to lose the position we held in this industry. As to the future of travel, we must bear in mind that travel has developed from a luxury on the North American continent to a way of life. There has been a general increase in wages and a shorter work week, and employees are now granted longer paid holidays. All these things have combined to give the average individual on this continent more time in which to travel and see the world. Properly managed and planned, the tourist industry could and should become Canada's major industry.

I wish to say a few words by way of comparison between Canada's tourist industry and that of the United Kingdom. The tourist industry in the United Kingdom is without question the most important industry of that country. Let us look at Canada for a moment in its relationship to other countries in terms of this industry. Not very long ago Canada used to be the No. 1 country for United States travellers.

We do not need to extol the beauties of our native country. I will have a few words to say about the particular area in which I am interested, and I am sure other members will also wish to mention those in which they are interested. Every province and territory in Canada has many places which can compare with those anywhere else in the world, but in spite of this we are losing business while others are increasing theirs.

To look at some of the figures, Mr. Speaker, in 1948 about 45 per cent of the United States tourist dollar came to Canada. That was only 10 years ago. In 1951 it was down to 35 per cent. In 1952 we commenced to have a trade deficit with the United States in travel account. In dollars Canadians spent $37 million more in the United States in 1952 than United States tourists spent in Canada. In 1956 our percentage of the United States tourist dollar was down to about 25 per cent and our trade deficit in travel was $82 million.

I should like to point out the significance of these figures. We had in 1956 a trade

deficit on travel of approximately $161 million on a world-wide basis. The United States has a population ten times ours, yet Canadians spent many millions of dollars more in the United States than the people of that country spent in Canada. Our 17 million people spent more than they spent in Canada with their population of approximately 170 million.

On the basis of world-wide travel the situation is the same. From 1926 until 1950 we had a world travel credit balance, but since 1951 we have had a travel deficit with all countries of the world. I am pleased to see from the figures that there was a little improvement last year. Our deficit with the United States dropped from $82 million to $75 million. However, taking the whole picture the position remained the same, with a deficit of $161 million with all countries.

I should like to quote for a minute from a publication entitled, "Travel Between Canada and the United States", issued in January, 1958, which gives preliminary figures for 1957. It says:

> Expenditures in Canada by travellers from the United States and other countries set a new record in 1957. First estimates indicate that visitors from other countries spent approximately $362 million while travelling in Canada, an increase of $25 million or approximately 7 per cent higher than the previous year. Receipts from residents of the United States advanced some $19 million, due to higher average expenditures per visit for most classifications in addition to an increase in the number of crossings. The aggregate number of visits advanced some 953,000 when compared with 1956. The estimated figure of $328 million spent in Canada by residents of the United States is an all-time record, although residents of countries other than the United States also increased their expenditures on travel in Canada during 1957. Receipts from residents of overseas countries reached a new record of $34 million, an increase of $6 million over the previous record established in 1956.

This indicates that we have had more visitors to Canada during the past year than in previous years. But I quote again from the same document:

> The gain in foreign travel expenditures in Canada was accompanied by a more moderate increase in Canadian travel to other countries, particularly to the United States. Canadians spent an estimated $23 million on travel in other countries during the past year, an increase of $25 million over 1956 or approximately 5 per cent. The increase of travel expenditures in the United States amounted to $12 million or some 3 per cent, whereas expenditures on travel to overseas countries advanced some 12 per cent or about $13 million as compared with the previous year.

While our receipts from travel expenditures are increasing, as they naturally will, our expenditures in other countries have also increased. There has been a decrease in the past in certain classifications of travel to this country. As I previously noted, we had 45 per cent of the United States tourist dollar in 1948 and now we have less than 25 per cent.

For a moment I should like to look into what I feel are the reasons for this decline. We are losing business from United States tourists to the European market. There seems to be an increase in the number of people who travel overseas from the United States. We are also losing very extensively to the United States home market. Under the small business administration in the United States hotel or resort owners can borrow up to $250,000 for renovating or refurnishing their resorts, the loan being repayable over a period of 10 years at an interest rate of 5 or 6 per cent. By making funds available to the United States home market people there are enabled to improve their accommodation and offer more attractions for their own tourists.

There are also more Canadians going to the United States rather than travelling at home, and I believe the reason is the same. To illustrate the point I should like to read from the proceedings of the committee on travel trends at the 1956 convention of the Canadian tourist association. In the report there is the following:

> There is another area where I suspect we are losing ground—

This refers to the loss of tourist business in Canada.

> —although it is difficult to secure figures which will prove it. The areas to which I refer may be described as those playground areas immediately south of the border, just south of the border. Not only do these areas attract Canadian tourists and vacationers, but they also intercept much of the business which might otherwise find its way across the border right into Canada. It is with these areas that we must compete, at least in the near future, and to do so is a sizeable task. We must endeavour to match or better them in a type and decor of accommodation, the meals we serve, the hospitality we offer, the prices we charge, the recreational facilities and planned entertainment, and of utmost importance, the quality and quantity or roads of access from border points and between provinces and vacation areas in Canada.
>
> We cannot expect full measure of success until we meet our competition with a product as good as or better than he is offering, nor until this is done, can we expect to receive full value for our advertising money which we spend seeking tourists to come to Canada or to stay in Canada and to spend their vacations here.

I feel, Mr. Speaker, it is no longer sufficient for the tourist industry and for our country to show our visitors nature's great beauties by day, and ask them to sleep in roadside cabins at night. The travelling public now wants the beauties of nature enhanced by modern buildings, neat gardens and conveniences. The short-term stay is increasing as a result of motor travel, and there are

many more people touring the country staying by night at enjoyable sites, and perhaps only staying one, two or three days. It is to these people that we must offer accommodation which will be comfortable. It is not necessary for such accommodation to be anything more than comfortable. It can be rustic, as long as the tourist feels he has had a good place to stay, good meals and something which he could not get at home. It is only in that way that we can hope to hold the tourist business.

Our tourist operators are beginning to realize this difficulty. They want to modernize their accommodation. Recently the Canadian tourist association presented a brief to the Minister of Finance containing recommendations for the establishment of a fund similar to that which I am proposing today. Parts of this brief are very pertinent to this subject, so I should like to read a few paragraphs. These paragraphs deal entirely with the need of tourist operators for assistance in improving their plant, equipment and buildings. This is the quotation:

> The tourist industry is composed mainly of small businesses. While the few larger establishments, such as the hotels and lodges of the transportation companies, are well known, the greater percentage of restaurants and accommodation establishments are small. Many are family enterprises.
>
> Most of Canada's hotels, resorts and camps are 30, 40 and 50 years old. They were built when our national standard of living was not as high as it is today, when many hotels were not equipped with private baths or even running water in the rooms. At that time, the rooms were much smaller and were not furnished as comfortably as the travelling public expect and demand today.
>
> Today's travellers are also demanding restaurants with the best decor, service and food. To meet this demand the modern restaurant must invest heavily in comfortable furnishings and labour-saving and sanitary equipment.
>
> Most visitors come to Canada by automobile, and this mode of travel creates a greater demand for roadside accommodation of the highest quality. Although many motels have been built in recent years, a substantial percentage of Canada's motels and cabins need to be improved and enlarged.
>
> The expansion and improvement of Canada's tourist establishments, which includes resorts, restaurants, hotels, motels and camps is urgently required. At present, the facilities which are inadequate and outmoded are being compared unfavourably with the more modern establishments which have been built in other countries in the past few years.

I believe that quotation sets out the situation so far as our business in Canada is concerned. Hon. members may say, if these people want to stay in business, what is wrong with them? Why are they not managing? Why are they not making sufficient income so the banks will assist them by way of loans? The answer is one of finances, and it is a rather basic problem.

In the first place, capital improvements cannot be made by these operators from the moneys received during a season's operations. It is true that the establishments which have been making money in the past few years have been able to go to the bank in the spring and secure a loan to cover the cost of their summer improvements. In this way they can paint up and perhaps build a new fireplace, improve the dining room and so on. Then in the fall, when the season is over, they can repay the bank and have a little bit over on which to live during the winter. I am referring to the smaller establishments. The larger ones do not have this trouble because they are well established and have adequate finances behind them.

You may ask why the mortgage companies will not help these people. I feel there are two basic reasons. In the first place, the tourist business is a seasonal operation and is not classed as a good security or as a trust security by the mortgage companies. It is for this reason that a trust company or a mortgage company which handles trust funds cannot lend money to the tourist operators.

The reason for this is comparatively simple. A lot of these businesses are only as good as the man who operates them. He may have sufficient buildings and sufficient equipment, but if he is not a good operator he will lose money. While the mortgage companies may give a loan on a larger, well established business, when it comes to a smaller one these companies turn him down. As those with legal experience know, the terms of their mortgages do not prevent the owner from selling his property, provided the new purchaser undertakes payment. The mortgage is given, therefore, on the security of the land and buildings that the company finds there. If the company have to rely also on the integrity of the operator they may find themselves in difficulty. They are, therefore, very loath to grant loans to these people because of the fear that the operator, getting that much cash out of his business, may sell subject to the mortgage and someone could take over who might not operate the business in a satisfactory manner.

The mortgage companies do not like trouble, regardless of what some people may think. If they feel that they may run into difficulty on a loan, they would rather not grant it. This is what has happened on a good many of our smaller and medium-sized tourist businesses in Canada. I would say that the operators are completely unable to make improvements to their resorts because the bank can only lend money for the season, a six-month period, and the mortgage or trust company is unable to grant mortgages. These companies are not interested in whether or not this is a good thing for

Canada, and you cannot blame them because, after all, they are in business to make money. Our people who want mortgage money just cannot get it.

Many of these people realize that they have to make improvements. Perhaps they have some roadside cabins or a hotel or restaurant, the standard of which they would like to improve. So they make the effort; they go around from the banks to the mortgage companies trying to borrow money, and they cannot get it. So finally they decide, "Well, if I can't get the money I will just stay on here and get whatever I can out of this business, and not spend any money on it at all". As a result they leave their accommodation in the best condition in which they can put it and they get the odd three or four dollars from somebody who gets stuck on a heavy week end and finds there is no place to go.

I think that is a very bad advertisement for our country. There are not many of these people who wilfully withhold repairs. Most of them would like to make them but they cannot get the money. They just have to hang on. I feel that that is the basic cause of a good deal of our loss of the tourist industry. We are losing to overseas markets. We are losing to the United States. Those people are providing accommodation that people will stay in.

I should now like to speak for just a moment in connection with the financial proposal I have put forward in this motion. I am not suggesting, Mr. Speaker, that the form in which the motion is put forward is the final and absolute answer to the difficulty. After the subject has been discussed today and after it has been given some consideration it may be felt that there is some different way in which to help the tourist operators. But the proposition I should like to put forward is that the government give assistance to these people by somewhat the same method as national housing loans are made, where the lending company makes the loan and a certain proportion of the loan is guaranteed for repayment by the government.

This procedure would not cause any outlay in government funds until the point where they were called upon to make good the guarantee on a proposition which had become a loss. This is one proposal, and I think probably it is the best one, because the people who are willing to make these loans will go only so far. Even if they agree to make a loan they will go so far and they will say "Beyond that point we will not go".

The percentage in respect of the average house loan, I would say, in the case of the mortgage company will run anywhere between 40 per cent and 60 per cent of the value of the residential property. But when it comes down to tourist property, if they lend at all it is not only at a high rate but the amount they will lend is very little more than 25 per cent of the value they place on the property. I would feel that the industry could be assisted if the mortgage companies were to make these advances in the percentage to what they would normally make if they were homes and if repayment could be guaranteed by the government.

Other propositions have been put forward to the government, Mr. Speaker. In 1956 the hotel association of Canada submitted a brief to the banking and commerce committee of the house, and at that time they suggested an amendment to the Industrial Development Bank Act by which the tourist business would be classed as an industry and some of the money available under the Industrial Development Bank Act could be given to the tourist industry. That is one suggestion.

This year, in 1958, the Canadian tourist association has suggested a tourist establishment improvement loan act. That is the suggestion from which I read a few moments ago. The tourist association would limit the loans to the improvement, replacement or expansion of existing resorts, restaurants, hotels, motels and camps. I stress the word "existing". Their proposal is that money should not be advanced to a new business. Their reasoning is that those who are in the tourist business and who have been reasonably successful in it will be able to take advantage of government loans and improve their properties and carry on. They suggest that the loss on such a project would be small, because those people who are in the business and who know it—and they admit that it is a seasonal business dependent on weather and a great many other factors—can meet these conditions and know what to expect.

Of course we must understand that the Canadian tourist association is made up of associations already in existence, and that they are putting this suggestion forward on the basis that those in existence are the only people who can properly operate. I am not sure that I would be prepared to go all the way with that suggestion. However, there is some need for discretion and direction in the way the loans are made. They cannot be made to any person who decides he wants to go into the tourist business. It is too dangerous, risky and seasonal. When such a loan is made they must be satisfied that the person who is going to take it out can make the business pay under normal operating conditions.

That is the proposition that I intended to put forward, Mr. Speaker. To be fair, I think I should mention some of the objections to it,

and there have been objections. If there had not been objections the legislation would have been put through years ago.

The first objection that has been suggested to me is that if the operators cannot make sufficient money to run their business, why should the government step in and help them? In other words, if this is not a paying business why do they need help, and why should we spend public money to give it to them?

I think I have covered the answer. My answer to that question is first that the tourist business is of importance to Canada. The government plays very little part in the tourist business except to advertise it, but it is of very great importance in connection with our foreign dollars. That is the first answer. The second thing is that these people are in an unusual classification by reason of the type of business in which they are engaged. By and large they make money. If they did not make money there would not be so many of them going to Florida and setting up the adverse tourist balance that we already have. I do not think it is those people whom we need to help; I feel it is the smaller person who is struggling with a small business.

There is the second objection I have heard, namely that there are too many government subsidies, that everybody is getting a subsidy from the national treasury. Of course that is a very good answer. As far as I am personally concerned I think the less we interfere with private business, the better it is. To that extent I would agree with the objection. But again, here is a class of people who are, in effect, working for the government to bring money into the country. In so doing I feel that they merit some assistance, quite aside from the fact that they come third as a national income producer.

The third thing I should like to mention as an objection I have heard is this. I have read such objections in the newspapers and in reviews of this situation in other types of publications. It is said that this is a responsibility of the provinces rather than of the federal government.

The tourist business as it relates to a particular province has been very closely guarded by that province; for instance, the provinces do a certain amount of licensing and I know that in Ontario, for example, they have set up an act and a system of inspection which are intended to maintain standards. But I submit that this is a national problem; it is a problem which relates not to this or that province but to the whole country. A tourist coming to Ontario will probably go back to one of the United States or will go to Quebec or another province, and I think these people should be encouraged to stay in this country.

[Mr. Aiken.]

In this connection I would like to raise a few points respecting regulations in some of the provinces. In some provinces a tourist resort operator is told, "You will have to build new buildings, your buildings do not come up to standard. You will have to tear these down because we will not allow you to use them; they are in too bad shape." It is very difficult for a person to be placed in the position of being told he cannot stay in business, yet he cannot get any help. He is told, "You will have to fend for yourself or go out of business." Perhaps in some cases if his business is that bad it is as well that he go out of business, but a great proportion of such operators could carry on and keep their plant in good condition if they were given some assistance. I feel this is a joint responsibility between the federal and provincial governments, and that if some thinking were given to the matter along these lines it might produce beneficial results.

In conclusion I would like to say a few words about my particular riding and my own interest in this subject. While I have spoken in the house several times I have never made what might be called my maiden speech, because I have never had an opportunity to extol the virtues of Parry Sound and the Muskoka area. I would just like to say that the area which I represent includes all of the district of Parry Sound, all of the district of Muskoka and a major portion of Algonquin park.

It would be impossible to mention all the beautiful sections of this country lying between the Loring, Restoule, French river and lake Nipissing areas in the north to the Kahshe and Sparrow lake districts in the south, from the Georgian bay coast on the west to most of the Algonquin provincial park in the east. Georgian bay is, of course, one of the premiere tourist attractions in Canada, particularly for those interested in boating, and Algonquin park needs little introduction to anyone in this house. My riding also includes the Muskoka lakes chain, the lake of Bays and the Magnetawan river system, and thousands of smaller lakes and rivers in the tourist districts. It also includes the Parry Sound harbour area which has a rather unusual potential as a seaway port; but the importance of the area is shown in the fact that the national tourist industry is extremely well represented there. Mr. Dalton J. Caswell, the president of the hotel association of Canada, Mr. Ted Wright, president of the association of tourist resorts of Ontario, and Mr. George A. Martin, director of the Canadian tourist association, all operate resorts in the Parry Sound or Muskoka districts.

Mr. Speaker: I am sorry to interrupt the hon. member but his time has expired.

Mr. W. L. Houck (Niagara Falls): Mr. Speaker, I would indeed be remiss if at the very outset I did not say a word of congratulation to the hon. member for Parry Sound-Muskoka for bringing in this notice of motion. I also congratulate him upon his well-chosen and well-delivered words which contain a lot of common sense and recommendations which I trust will be considered by this government. I also hope the government will take quick and justifiable action, and that the requests made will be granted as soon as possible.

Naturally, as a member of this house coming from Niagara Falls, which is the greatest tourist centre in the Dominion of Canada and indeed in the whole world, it might be expected that I would say something on this subject. As I have often said before, we are not jealous or selfish in any respect in my constituency. We like to share Niagara falls with the rest of the world, but we do appreciate its beauty as do our many visitors. In fact I had a dream about Niagara falls recently, and in it I was going up the steps to meet St. Peter—if a politician ever does get up the steps to meet St. Peter—and St. Peter asked me, "Houck, where do you come from?" I told him that I came from Niagara Falls and he said, "That is a very beautiful place, and I don't think you are going to like it here."

The hon. member for Burnaby-Coquitlam, spoke about the Minister of Finance being one of the wonders of the world, but I would like to point out that we are known as one of the wonders of the world at Niagara Falls, and we would have to take that fact into due consideration before we would allow the minister's name to be added to the list. I think we are justifiably proud of the fact that the Princess Margaret has been fit to select Niagara Falls as one of the few places she will visit, and she will be there on Friday next. We are also very glad to know the Minister without Portfolio from Greenwood (Mr. Macdonnell) will accompany the princess when she visits Niagara Falls at that time.

As the hon. member for Parry Sound-Muskoka has so ably stated, the Canadian tourist association has requested the Minister of Finance to submit to parliament a bill to establish a tourist establishment improvement loan act, but I would like to say that I think this title is cumbersome though the request is pithy. I think the government at present in power should act quickly and should see what the association wants. I believe the requests made are reasonable and would benefit not only the people catering to the tourist industry but the Canadian economy as a whole.

As was pointed out by the previous speaker, tourism is a major industry in our dominion, and I would like to emphasize the point made in the association's brief that only wheat and newsprint bring more money to this country than do our tourists. Furthermore, only newsprint brings more money to Canada from the United States than does the tourist industry. Tourism is big business in this country, but it is not as strong as it should be because all the people in this industry do not operate the sort of establishment which builds business. If they hope to improve their plants they must charge stiffer prices, which would mean discouraging business. The answer so far as I can see, and from what the hon. member for Parry Sound-Muskoka said in this regard, would be a business loan. Such a loan, however, is generally difficult to obtain except at high interest rates.

I do not think the association is asking for a hand-out, but it does need a source from which it might borrow money—money which will be repaid but over a longer period and at easier interest rates. It is not asking for subsidization, but it does need help to improve facilities in order to attract more visitors, and that is what we want. We want to keep more Canadians from spending their money abroad, which is something they have been doing rather recklessly in recent years.

All this is simply good business for Canada. Wherever people travel they will buy, and that is why businessmen of all kinds in Canada stand to gain in terms of larger markets for their products if Canadians as well as overseas visitors are encouraged to travel in our dominion. If people do their travelling in this country this is where they will do their purchasing; it is as simple as that. There is a little-tapped source for greater prosperity in the fact that most Canadians still have not seen too much of their own country. Until recently more than one quarter of all adult Canadians had never seen any province beyond their own, yet two thirds of these same people had visited the United States.

Actually Canadians are the world's greatest travellers, and per capita they spend far more on travel outside their own country than do the people of any other nation. If we divide $441 million spent by Canadians outside Canada last year among 16 million, our population, we arrive at a figure of about $20.50 a head. Take the estimated billion and a half which Americans spend outside the United States and divide that by

the population of the United States, and the figure works out to something less than $10 a head.

Of the $441 million mentioned as Canadian expenditure outside Canada, $361 million represented the amount spent in the United States alone. Of this sum, $69 million represented purchases declared under the $100 customs exemption privilege for Canadians returning to Canada after an absence of 48 hours. This is actually a smaller percentage spent on duty free tourist imports than in previous years.

One reason for the popularity of foreign travel is, of course, advertising. It is becoming more and more apparent that at least in some parts of this country Canadians represent the fastest growing travel market in the world. For example, there are over 60 travel agencies in the city of Toronto, far more than can be found in a city of the same size in the United States. Cleveland, which is bigger than Toronto, had at the latest count only 23 travel agencies. While these travel merchants do help to sell Canada to Canadians, a greater part of their efforts must necessarily result in the sale of trips to far away places. This is not simply because commissions are greater on world cruises and flights to Florida than on smaller domestic tours, but also because the promoters of far away areas are very conscious of Canadian population centres as a source of tourist visitors and do everything in their power to help travel agents, transportation companies and other travel salesmen to send people their way.

As a result of years, perhaps decades, of promotion the trip abroad has been invested for Canadians with an aura of glamour. Many parts of Canada have glamour too, but no one has troubled to develop it in the minds of Canadians themselves. The Canadian government spends a million dollars or so on advertising to encourage United States residents to visit Canada's vacation attractions. In addition the provincial governments among them spend about another two million dollars. Of these provincial travel promotion dollars, four out of five are spent in the United States. Americans and others are being made aware by conscious effort of the pleasure and virtue of visiting Canada and knowing Canada better, but Canadians themselves are not. The fact that more than 28 million visits to Canada are made annually, seven or eight million of them for extended periods, attests rather obviously to the fact that we do have very real attractions for tourists. It is simply that we are not conscious of them ourselves.

[Mr. Houck.]

An impressive example of what tourism can mean to Canadian industry was recently given to the Pembroke, Ontario, Kiwanis club by C.T.A. president W. Gordon Wood. Speaking on April 28 Mr. Wood said:

> About 7,500,000 Americans came into Canada by car to stay for more than two days last year. If each one of these visitors had been induced to remain just another 15 or 20 minutes to buy a fried egg sandwich, they would have consumed an extra 625,000 dozen eggs, 750,000 loaves of bread and 120,000 pounds of butter.
>
> Don't ever let a farmer say that the tourist industry does not mean anything to him. Tourism benefits everybody.

Then the Minister of Finance, and the minister of northern affairs spoke at the tourist convention held in Ottawa in 1957 and made some very encouraging remarks to that convention to the effect that they, in their official positions, would do anything they could to help the tourist business in Canada; that they realized the obstacles the industry had to face and felt that the industry should be encouraged, and that this encouragement should be supported by some definite action.

In dollar volume, tourism is Canada's third largest industry. It is big business, and it is the aim of the C.T.A. to make it bigger business. No dollar gets into circulation as quickly as the tourist dollar, which is distributed over and over again until it reaches everyone's pocketbook. The wholesaler, distributor, banker, jobber and manufacturer, the butcher, baker and, yes, even the undertaker, benefit from travel, whether from within or without Canada. Tourists add to our tax collections. This means better roads, better schools and a better estate for all Canadians.

And let me tell hon. members that no business is as furiously competitive as the international travel market. The world is now living on one Main street. No land is remote any more. To meet this competition Canada must increase her promotion and improve her plant. The small operators in the tourist business cannot do this by themselves. In Great Britain bankers, industrialists and businessmen have thrown their weight behind the travel industry. Tourists now earn more dollars for Britain than any other business. But Canada, despite its proximity to the world's richest nation, is losing its share of the travel market, as the hon. member for Parry Sound-Muskoka so rightly pointed out.

I wish to add that in my opinion the Canadian tourist association was right when it asked the government of Canada to take action which would relieve the Canadian tourist industry of the very serious disability caused by the lack of financial credit, and thus make it possible for our tourist industry, through expansion and modernization, to

compete effectively in the world tourist market. In its request for assistance the C.T.A. submitted three points for consideration with regard to the travel industry, as follows:

1. Through travel from other countries it is the source of new found money which creates additional commerce and employment in Canada.
2. An efficient, attractive tourist "plant" in this country can hold travelling Canadians in Canada and keep in circulation here money which would otherwise be lured abroad.
3. Travel by Canadians within Canada promotes a deeper understanding of our own country and a greater appreciation of our land and our rich heritage, and it fosters national unity.

The association also pointed out to the cabinet that the important addition made to Canada's wealth from tourist income is unusual in three ways:

1. It causes very little depletion in our natural resources.
2. It sells our goods and services without our having to pay the cost of transporting them to market. The "market" pays its own way here.
3. It benefits almost every phase of our general economy.

Now, Mr. Speaker, I should just like to place a few figures on the record. In 1951 the average spending per person per trip was just under $49. In 1952 that expenditure increased to $62.25, and today it is almost $70. One thing is very important. In order to increase the success of our tourist business we must increase the length of time tourists spend in our country. Some 75 per cent of our tourists spend less than four days here, yet about 73 per cent of our visitors have between 14 and 20 days annual vacation.

Only 10 per cent of our visitors spend from two to three weeks in this country. If we could only induce those who at present spend only one day with us to increase their stay by two more days, it would increase our tourist business by at least 15 per cent. A survey shows that out of the United States tourist dollar 11.6 cents is spent on gas and oil, car repairs and transportation generally; 49.4 cents is spent on accommodation and food; 35 cents is spent on consumer purchases, and 7 cents on licences for fishing and hunting, boats, and so on.

Mr. Speaker, I am very serious about the point I am about to make now, and I think I have a right to bring up this subject. I have often heard it said by Canadians—and I think it is to be regretted that it has been said—that "the Yanks" are crude and boastful and that the United States opinion of us is similar. Nothing can be further from the truth. Generalities are always dangerous and usually founded on half-truths from unreliable sources; certainly they are ill-considered opinion. I am sure that every clear-cut, right-thinking Canadian agrees with me that such statements about our friends from the great republic are utter nonsense. Most Canadians like the people of the United States, and I can assure you that most Americans have a high regard for us as well.

Disraeli once said over 100 years ago, "It is much easier to be critical than to be correct." He also said that individualities may form communities but it is institutions alone that create a nation. I have found through my experience in Niagara Falls in talking to tourists that one of the things our United States visitors complain most about is that in certain sections of our country we are too much Americanized. On many and many an occasion I have heard it said that some Canadian businessmen fly the American stars and stripes on every occasion in order, as they think, to lure the United States trade.

Nothing could be farther from the truth. The reason many people visit the United States or Canada is not that they want to see the same things they could walk down their own main street and see but they want to see Canadians as they live, as they act, as they work and as they really are. I am for things Canadian. To me a Canadian is a person of manners and people with manners do not go around insulting their neighbours, let alone their best customers.

The United States government is certainly to be congratulated because with its recent customs exemptions it has been doing everything possible to assist our tourist industry. United States residents may now take back, once every 31 days, merchandise for personal or household use to the value of $200, duty and tax free, provided that resident has remained in Canada more than 48 hours. An additional exemption of $300, which makes a total of $500 duty and tax free, is allowed once every six months if the resident has been in Canada more than 12 days.

Residents of the United States visiting Canada for less than 48 hours may take back, for personal or household use, merchandise to the value of $10, duty and tax free. Such exemptions must not include more than 50 cigarettes, 10 cigars, one quarter pound of manufactured tobacco, four ounces of alcoholic beverages or four ounces of alcoholic perfumes, whatever that might be. Gift packages may also be sent to the United States if they are plainly marked "gift" and the value indicated if the aggregate value of the articles received by a person in one day does not exceed $10.

The hon. member for Parry Sound-Muskoka spoke about his riding, and I should like to say a few words about my riding and my experience with tourist

operators in that area. In the first place, many tourist operators have a short season, with a few exceptions who operate all year round and who generally have some connection or work in a commercial trade to keep them going. Most of the tourist operators in Niagara Falls calculate their season from May 1 to November 1. They reason that if they have not made any money by then they will not make any at all. Naturally, as was pointed out by the hon. member who introduced the resolution, the farther north you go the shorter the season, unless the operators there promote such activities as skiing.

We normally figure that about 6 million people visit Niagara Falls during the year, including those attending conventions. The regrettable fact about this is that only about 10 per cent of these 6 million visitors to Niagara Falls remain overnight. In other words, I do not think we need any more people to visit Niagara Falls, but we should do and are doing everything possible to persuade these people to come and stay overnight. That is where the actual money is, and that is when it reaches the local merchants.

Using all available accommodation in Niagara Falls we can bed down about 7,000 people each night, but I must admit that one of our biggest headaches is the provision of more modern accommodation. It is true that within the past 10 years tourist accommodation has grown in our city by nearly 80 per cent, but I am sorry to say there are still many establishments which could or should be torn down and replaced by up to date services. It is also true that the owners of such establishments spent every cent they could get while they were in the money instead of laying it away for replacements. In the meantime the newer establishments which have been erected have so many improvements that the cost for each new unit runs from $6,000 to $10,000, including equipment, whereas originally some of the cabins would have cost perhaps less than $1,000 had they been constructed 10 years ago or more.

Many of the tourist establishments have good locations but poor conveniences, and these would be the ones which might utilize any loan provision. Some of our up to date motels in Niagara Falls could be greatly improved or extended if more money were available to them. Normally it takes a tourist establishment from three to five years before it begins to get repeat business, and these three to five years are the danger years. Certainly the industrial development bank does a good job for industry and a similar plan for tourism might be feasible, though it is my belief that the controls would have to be pretty well defined.

In the case of industry there is usually a past history which could be used as a guide, but in the case of a tourist establishment the tourist business is relatively too new to enable one to design the same kind of code. Unfortunately many of the people entering the tourist business have had no experience and have never demonstrated an ability to conduct a motel on a businesslike basis. They would be the greatest headache of the government in considering a tourist loan program. Certainly with the federal and other levels of government making grants and other provisions for municipal development such as those for hospitals, education, etc., there is no reason in the world why this government should not consider making grants to the tourist industry, as it is one of the most economical to operate.

This year in Niagara Falls has been an unusual one from our standpoint. Our chamber of commerce reception office and that of the Ontario government has received fewer inquiries over the counter than in previous years. Mail inquiries are also down to some extent, though not as much as personal inquiries. In spite of this, however, the bridge figures are higher and cars entering the park are more numerous than last year. One can enter the park on almost any day during the tourist season and find cars bearing license plates from every state in the United States and every province in Canada.

This year people seem to be skimping on meals, the purchase of souvenirs, etc., but interestingly enough—and at the same time difficult to understand—our most expensive overnight accommodation seems to be at a premium. We in Niagara Falls have increased the tempo of our publicity and have attempted to advertise our more up to date establishments. Perhaps because of the fact that we are a tourist centre in Niagara Falls, private capital would be easier to obtain than in the northern areas.

I wish now to sum up the remarks I have made. I would reiterate that in the first place the tourist business is much more fickle and much more difficult to assess than is ordinary industry. It depends upon location, the services provided, unemployment and other factors which are not so important with respect to regular industry.

In the second place, if the government establishes a loan system a person who applies for assistance should have some record of a successful business operation, either as a tourist operator or in some related line.

In the third place, there is a great demand for improved facilities, and although people may seem to skimp on some expenses they do appear to want modern, comfortable accommodation.

In the fourth place, the tourist business in Canada generally needs improvement in order to successfully compete with our competitors in various other countries. I would remind the house, though, that much improvement could be shown in other fields as well, such as courtesy and meals.

In the fifth place, I would remind hon. members that the tourist industry is one of the cheapest to operate, yet is a very lucrative source of income for the entire country.

May I say, as I said at the beginning, that I hope this government will take cognizance of the motion presented so well today by the hon. member for Parry Sound-Muskoka. I trust it will be only a matter of a short space of time until we will hear it announced that the government will extend this assistance to an industry which so greatly requires it. I would remind hon. gentlemen opposite that the government has boasted that it would lend assistance to small business. Tourism is a big business, but it relates to and affects 90 per cent of the small businesses in this country. If the government will come to the assistance of the tourist industry many small businesses will be helped, and the Canadian economy will receive an uplift as well. I remember my leader's platform in the last campaign, that we would help small business as much as possible. This is one of the things we would have done. Therefore I plead with the government to give some recognition to what has been said by the hon. member for Parry Sound-Muskoka (Mr. Aiken). Let us not talk out the motion but rather let us have action by the government.

Mr. A. R. Smith (Calgary South): Mr. Speaker, I join with the hon. member for Niagara Falls (Mr. Houck) in congratulating the hon. member for Parry Sound-Muskoka (Mr. Aiken) for bringing this motion before us. It is often difficult to avoid a repetition in the house when there is a division of opinion but it is almost impossible to avoid repetition when we are apparently in complete accord and, perhaps more important, when some of us have done our homework from the same general report for which I think we should thank the Canadian tourist association.

I should like at this particular time, because I think it is appropriate when a great many people are returning from their holidays, to add a word or two not by way of statistical evidence but as to the general need, so ably put forward by my good friend, the hon. member for Parry Sound-Muskoka. I think that perhaps I would not be accused of repetition if I were to accept as read his case for the necessity for a motion and eventually legislation of this type, but rather deal with the forecast of the potential that we may expect yet even this year and what we may anticipate as well in the years to come.

The fact that we may be losing part of our opportunity to develop this industry has been placed before us in no uncertain terms. In Great Britain the tourist industry is regarded as its most important. In the United States, as has been stated, it is second and in the case of Canada it is exceeded in gross dollars only by wheat and agriculture. Forecasts of what we may expect present an even more interesting comparison in that this year it is anticipated that 2.6 million carloads of United States visitors alone will stay more than 48 hours in Canada and will spend some $350 million on goods and services. In my own city of Calgary it was estimated that in a 90-day period recently they spent some $5 million in that growing centre of the tourist industry. In addition it is anticipated that this year transportation companies will spend another $4 million in advertising and promoting the tourist industry. The government of Canada already has an appropriation of slightly over $1.2 million for the purpose of advertising the advantages of Canada to anyone who wishes to visit our country as a tourist.

The question before us, Mr. Speaker, is how we can best back up that investment, for I think we will have to concede that there is no point in spending this amount of money if we are not prepared first of all to accept the challenge that competition is growing stronger for the tourist dollar throughout the world and, second, that it is no longer sufficient for us simply to make use of posters in a number of countries pointing out the advantages to be gained by visiting Canada unless we are able to provide the entertainment and type of visit these people are going to expect.

We have made a great deal of headway. At long last most of our provinces have recognized the need for improved roads. Many of our provinces have at long last recognized that social changes require more lenient liquor privileges. Many of our provinces have recognized the need for more uniformity in traffic signs and signals. So we come down to the last problem, that of the accommodation plant, whether it be one of the 3,000 motels or whether it be one of the major hotels in our hotel system which house the people who come to our country.

Loans to Tourist Resort Operators

It has been shown that to put up a motel based on minimum standards and with perhaps 10 to 12 rooms requires an investment of something in the order of $100,000 or about $6,000 to $8,000 per unit. You can find any number of requests at the chartered banks by individual businessmen and women who have applied for loans either on a short or long term basis and have been refused or had their requests only partially granted because of the limiting factor that the tourist industry has been considered to be only a seasonal industry. The limitation imposed by the chartered banks is no fault of theirs but is one of the requirements under which they are permitted to operate but nonetheless the limitation prevents these individual businessmen and women not only from building and reconstructing but from improving the facilities they now have.

There are, of course, a variety of methods by which the problem I now present can be solved. They have been enunciated by the hon. member for Parry Sound-Muskoka. The generality of the resolution refers to one method. A system by which we can create wider or more generous provisions for the chartered banks so far as lending is concerned is another. A third, which has been suggested on many occasions, is the utilization of the industrial bank. I think that in principle most members will agree that the industrial bank should deal with the larger borrower, one who is undertaking something of a more substantial nature than an individual hotel or motel.

I am going to leave the case for improving the plant or facilities for a moment to introduce a new thought and to take some of the responsibility for improving the facilities and the methods by which we attract people to Canada off the shoulders of the government and place it on the shoulders of the operators themselves and, in fact, the Canadian public at large. I think that most of us who have looked at this motion have regarded it favourably but with this reservation. How far is the government expected to go in underwriting, subsidizing, supporting financially, giving outright grants to or interfering with a particular business or industry? I am one of those who believe that regardless of political party we are inclined to go too far in this day and age in endeavouring to provide assistance to bail out people, assistance which was never intended to be within the means of the free enterprise system under which we live today.

I think where you find the line of demarcation, and this is the reason that I can lend unqualified support to this motion, is that the government should give consideration to helping those who are prepared to help themselves on the basis that this money will be returned with interest, but most important on the basis of creating a better understanding between Canadians and of providing facilities which, in themselves, are going to create increased revenues within Canada which will circulate within Canada. All this will build up, as has been pointed out, the second most important industry in our country, and these are firm bases for support of this motion.

I do not not wish to deviate from the point I want to make here. This is not the responsibility of the government alone. We find many of our operators who regard the tourist as something essential only to have a bed occupied, and can hardly wait to have the occupant replaced by yet another tourist in order to collect yet another fee. Fortunately these people are in the minority. Too often we find the services or facilities which are offered are inclined to be restrictive, and not because of the shortage of income. Too often our own Canadian people, and we are no exception in this regard amongst the other countries in the world, are inclined not to realize that they, as individuals, benefit from every tourist who comes to Canada. The moneys which are given directly to the tourist industry filter back into the pockets of the ordinary citizen. The principle of making the tourist welcome so that he will want to come back is still, in my opinion, in relation to this motion the most important quality that we will have to instil into Canadians.

Now, I have had my share of opportunity to travel throughout Canada. In the context in which I have already spoken, one of the most important areas in which we can improve this industry is by showing some imagination. We have developed a number of centres which contain tourist attractions, Muskoka, Niagara Falls, the Calgary Stampede, the great Shakespearean festival at Stratford, the great areas of the maritimes. These centres add much to the imagination of Canadians who realize that they are indeed lucrative sources of income. We, in Calgary as an example, some years ago introduced the white hat. Unfortunately, the other areas of Canada with less imagination have also seen fit to adopt it as their national headgear. Anybody west of the great lakes today is referred to as a Calgarian, regardless of whether or not he wears a white hat, but invariably he does. I think the point I would make is that imagination and initiative to develop ideas, to develop entertainment and attractions, must come from the people themselves so that we will establish what has been described heretofore as a national character.

The people from Europe and the United States do not come to Canada to see us copy a particular type of individual or type of country; they expect we will be different. They expect to see something that will identify us as Canadians and not as a carbon copy of any other country. I suggest that one of the most important things towards which the Canadian tourist association has been working has been not only the improvement of the plant and its operations, but also the frame of mind in which Canadians would recognize the importance of this industry to their own welfare as such they can feel they are a part of this industry. As I said at the outset, we should make the tourist want to come back.

The motion calls for an improved system of providing loans, and I had intended to go into the method by which this could be done. However, that has been so ably covered by the hon. member for Parry Sound-Muskoka that my remarks would only be superfluous. Let me say that there is another area, that of the larger institution in the larger centre which has a potential to draw the tourist and which must also be given consideration. It could come within the confines of this motion, but perhaps it might be more adapted to a widening of the provisions of the industrial bank. Today, Mr. Speaker, I received from the olympic development committee of my city of Calgary an interim submission to the government of Canada requesting the Canadian amateur athletic association to ask for the winter Olympic games in 1968 to be held in the Banff, Lake Louise and Calgary area.

The potential here is almost unlimited. It will require a capital investment of some size, largely to accommodate the very substantial number of competitors and visitors who would attend such an attraction. One only has to look at the city of Vancouver and the investment of half a million dollars put into the British empire games by the government to realize how important it is to the tourist industry of Canada to lend some support to an occasion of this nature. This group, the Calgary olympic development committee, have estimated that there will be 2,000 officials; that accommodation for about 100,000 people will be required, and improvements to the facilities not only in Banff but in Lake Louise will require a substantial capital investment.

They point out that only once before have the winter Olympics ever been held on this continent. They also are very conscious of the fact that wherever any form of olympic games have been held it immediately becomes a great centre for the tourist industry in future years. So, I commend this request by this group, recognizing the advantages that will be gained if this undertaking receives the support of the government, and also accepting the fact that support has already been given to it by the province of Alberta and the municipalities concerned.

I come to the final point which was introduced by the hon. member for Parry Sound-Muskoka, the case for the improvement of plant, which is all that he has placed before us in this resolution. He has emphasized the necessity for making Canada more competitive, recognizing that we have, according to the statistics made available to us, lost part of this business in that a greater percentage of United States tourists have visited Europe since 1953 than have come to Canada. There is not time for us to sit and discuss in future months what we are going to do; action now is essential. It is not sufficient to say that the provisions of this particular resolution do not meet the requirements of the particular section under which we normally award loans. Let us keep in mind, Mr. Speaker, that there was no objection in the last parliament to giving aid to the agricultural industry. Let us remember that we continually provide assistance to other industries which have meant less to us. I think when we look at the advantages to be gained, the natural resources we have in Canada today; when we look at the attitude of Canadians towards this industry, we, as a parliament, should take effective action, not next year or next month, but in this session to provide needed and essential help to keep the tourist industry one of the top industries within Canada.

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I am always rather apprehensive when I see the hon. member for Calgary South (Mr. Smith) get to his feet at any time on private members' day because it usually means the kiss of death for the resolution. We will regret this particular kiss of death because this resolution embodies fairly good and sound socialism. Naturally we are going to be for it. We hope the resolution comes to a vote. I think a word of encouragement might be given to the government here to realize the gigantic forces that it has on its benches and to let them vote for these things for which they are so much in favour. This is by hearsay, but I understand that the former Liberal government—that terrible colossus that ruined the country for so long —occasionally used to allow some of these resolutions to come to a vote. I would appeal to the government to let the same opportunity come now, especially for resolutions presented by their own backbenchers.

I said that this motion had in it a certain amount of socialism. I think you could see the logic of that view if you noticed the two points at which the hon. member for Parry Sound-Muskoka (Mr. Aiken) and the most recent speaker rather boggled. They both gave you the assurance, that, by gosh, they were for free enterprise; they certainly did not want the government handing out things. But the fact remains that you have got to grant that they both want to get their finger in the pie or their hand in the pie and they offered some good substantial reasons, reasons with which we can go right along and we are not so taken aback.

The hon. member for Parry Sound-Muskoka listed the objections that could be made to the resolution. I think it is always good tactics to outline the objections that will be made to a proposed resolution. But in discussing it he made four points all of which, with the exception of the one relating to provincial responsibilities, revolve around this factor that we notice causing so much general embarrassment in a mild way because they do keep it down, amongst the government members. After all, they are the party of free enterprise, according to their slogans and their doctrine. Yet when they get down here most of them find, as I say, that their main wish is to put their hand in the pie for their constituents whether it happens to be cash advances for prairie farmers or deficiency payments or parity prices or support prices for pulpwood or greater old age pensions.

I notice they applauded today when the Minister of Finance (Mr. Fleming) introduced his increase in pensions for civil service people and R.C.M.P. people. We welcome it but we wonder how these free enterprisers can go along with these things because there is a possibility that maybe these handouts or these subsidies or these increased pensions will sap the initiative and moral fibre of the people. I wonder at these two hon. members who spoke so strongly from the government benches for this resolution, one that we like, that they are not embarrassed about its possible effect on the moral fibre and the backbone of these tourist camp operators.

The tourist industry gives each one of us who has any relationship to a tourist area an opportunity to do a bit of a Cook's tour. I was greatly interested in the remarks of the hon. member for Niagara Falls (Mr. Houck). I was greatly disappointed that he failed to mention where Niagara Falls first made an impact, illustrated by the old song to honeymooners:

> To Niagara on the sleeper;
> There's no honeymoon that's cheaper,
> And the train goes slow.

Not once did he mention the fact that Niagara Falls was the great honeymoon centre. I just wonder whether it has slipped into the discard. It seems too bad that what was once the real romantic capital of North America should have been ignored.

Mr. Crouse: There is nothing to do there now.

Mr. Fisher: I always understood those people always had something to do. The constituency that I represent and its general area I think gives an indication of the trend in the whole tourist business and what the United States business means to Canada. One of the points that has been made by three previous speakers that I have to disagree with is to the effect that Canadians should try to make their country more Canadian so that it will appeal to the Americans. I would suggest that one of the reasons why Canada appeals to the Americans is that they feel at home here because it is so much a North American society. They know that Heinz' 57 varieties will be in the stores. They know that they can get cokes and ice cream very much of the same calibre they get at home. They know that their credit cards are good at the gas stations and that sort of thing. I think that the whole point of trying to make Canada uniquely Canadian and different from the United States in many ways misses the fact that we are a North American country and that we just cannot resolve or unresolve the link that we have with the United States and its whole culture. If you walk into our news stands you will find that practically everything there except the daily papers has been printed in the United States. The trend all the way through is American. I think that is one of the things that Americans like about coming to Canada. I know they appreciate having their picture taken with the mounted police. I know that many of them who have come to Ottawa seem to appreciate the fact that the Prime Minister (Mr. Diefenbaker) is doing something for the Ottawa tourist season by keeping us here and giving an extra little fillip to the tourist trade in this particular area.

Mr. Macdonnell: You are doing your bit to keep us here.

Mr. Fisher: The point about the Port Arthur area in which you can see the trend of what I think is the future of Canada as far as the United States tourist trade is concerned is with regard to our areas, especially our wilderness areas developing into what in effect are summer dormitories for the United States. That has been the trend. Knowing what happened 20 years ago when the Americans

first started coming up into northwestern Ontario, they came up to get big fish such as the musky—

Mr. Browne (St. John's West): Did you say they came 20 years ago?

Mr. Fisher: Going back 20 years or 25 years.

Mr. Browne (St. John's West): Longer than that.

Mr. Fisher: Yes; into Nipigon. I am speaking of my birthplace which is west of the lakehead cities. However, they first came to fish in the Nipigon about 1873 when Lord Dufferin was Governor General. He focussed the world's attention on the Nipigon. I know that a development of the tourist industry in northwestern Ontario began just as the depression was welling up there. Most of the people came up for sports fishing, especially to get muskies and trout. What has been the pattern since then? A few fishing camps were developed at which the rates were very high.

The point I want to make in connection with the lakes up there is that now practically every attractive bit of property has been taken up by Americans and they are developing their own camps. Many of them are staying there throughout the whole summer and right into the hunting season or they establish the camp and lend it to their friends. Red Lake road was opened up stretching for a hundred miles from the C.N.R. up into the Patricia district. Almost like magic United States camps popped up all over the place and most initially with boats and guides for fishing. But I visited there just a little bit over a month and a half ago and the amazing change is that while you have this tourist business with guides, that is already slumping down, and there is building up a much larger, what I would call, camping population of Americans with their own property and with their own private camps. I think anyone who looks at the Muskoka area has seen the same thing. Lakes Rousseau and Muskoka in summertime are summer dormitories for the Toronto-Hamilton area and they also get a certain amount of the United States traffic.

I suggest this is one of the phases of the tourist industry which is really going to have an unbelievable expansion, especially when more of the northern roads are opened up. We have, for instance, a new road from Geraldton to Nakina, running a distance of 35 to 40 miles. This is an important moose hunting area and visitors from the United States are coming up to this part of the country. They will soon of course clean out all the moose and the next step will be the buying up of the islands and lakes and the establishing of relatively permanent summer homes. I believe this trend suggests the future of the trade from United States tourists in this country. We must realize we will have more and more Americans living with us in these areas.

That analysis suggests to me that one of the main things we need in order to set up and establish a successful tourist industry is good accommodation for the people who are en route from one part of the country to another in so far as motels, restaurants and small hotels are concerned. I very much agree with the intent of the resolution in this particular regard and we could certainly stand a great deal more in the way of motel facilities in the outer reaches of northern Ontario.

Most people who have established motels in my area have discovered that their year round business is building up; while it is concentrated in July and August they are finding that all sorts of uses are developing for their resorts, in the spring for the early fishing season and in the fall for the hunting season. At the same time more and more Canadians are taking advantage of these sleeping facilities which were largely designed for the use of the United States travellers.

Our particular region is going to be increasingly a summer dormitory and the opening up of the pulp and paper roads has created a tremendous network of roads throughout the area—I would imagine well over 2,500 or 3,000 miles of them. These roads stretch from the Manitoba border east to White River. The Ontario department of highways is taking over more and more of them so that the tourists are getting deeper and deeper into this country. There is a certain conflict of interests at present between the pulp and paper industry and the tourist operators. The tourist people are clamouring for the right to use these roads while the pulp and paper companies are trying to go slowly because they have built them at considerable expense and while they have nothing in particular against the operators of resorts for tourists from Canada or the United States establishing sites on good lakes they do not like the idea of a truck loaded down with 14 tons of pulpwood having to vie with tourists on a relatively narrow gravel road. But the trend is there and these roads are being gradually taken over by the department of highways in my province which is going to accelerate the process of penetration by United States tourists with respect to the more permanent type of summer camp.

The final point I would like to make in support of this resolution—and I am now quoting from something mentioned by the

previous speaker, namely the record of proceedings at the 1957 convention of the Canadian tourist association—is a report under the heading of "Government—Federal" by, I believe, Mr. John Fisher, which says that the association has pressed the federal government, amongst other things, for the following:

(e) An amendment to the Industrial Development Bank Act to permit the tourist industry to borrow capital. We have worked on this from many angles and the appearance of the finance minister at our convention is not unrelated.

The Minister of Finance appeared at the convention and made a speech and he concentrated, I do not know if it was properly so or not, upon the difference in the rates between the United States and Canadian dollars, rather than doing anything about what Mr. Fisher had suggested he might do, namely something in the nature of an amendment to the Industrial Development Bank Act. When the Minister of Finance had completed his remarks a gentleman by the name of Mr. Lawson Mackle made a few comments as follows:

Mr. Chairman, Honourable Mr. Fleming, ladies and gentlemen: I had prepared some remarks that I would like to have addressed to the Honourable Minister of Finance but I have been given to understand that he has a very important meeting and far be it from me to detain him but I will ask him just for a moment. I will give you the highlight or the thesis of what I was going to say and maybe the rest of the audience will suffer after you have left sir. I am a split personality. I operate a summer resort and I also own a couple of small farms. As a summer resort operator I am not permitted to borrow money for capital expenditures from banks, financial institutions, insurance companies because we are considered a seasonable industry. On the other hand, as a farmer, that's where I become lopsided, they are constantly encouraging me to borrow more money under the farm improvement act on my farm and my great need today is to borrow money on the tourist resort so that we can get a greater first class accommodation in this country in order to entice more people to spend more money here. Now, sir, that is the gist of what I was going to say and I know you are in a hurry and I won't go any further. If you care to, sir, I will give you a copy of the remarks I intended to make and if you have a few spare moments you might read them over.—

We trust that the Minister of Finance did read over these remarks and we are sure they had something to do with loans for tourist resort operators as was suggested in the resolution of the hon. member for Parry Sound-Muskoka.

We are strongly in favour of the resolution and we hope the government will allow the hon. member's resolution to go to a vote; we think it is a good one and like the free enterprisers and private enterprisers who have spoken we have no hesitation at all in saying, "This is good and we support it."

[Mr. Fisher.]

Mr. C. W. Carter (Burin-Burgeo): I would like very briefly, Mr. Speaker, to indicate my support of this resolution and to compliment the hon. member for Parry Sound-Muskoka (Mr. Aiken) upon bringing it in at the present time. I would also like to compliment my colleague, the hon. member for Niagara Falls (Mr. Houck), on his very fine contribution to this debate. I feel I should however warn him that my colleague from Grand Falls-White Bay-Labrador (Mr. Granger) will dispute his nomination of Niagara falls as one of the wonders of the world because in his riding of Labrador are the Hamilton falls which we understand surpass Niagara falls in majesty and scenic splendour. In the face of that competition I think the Minister of Finance (Mr. Fleming) will have a tough time getting himself on the list of the wonders of the world.

I am very pleased to be able to assure the house that in my province we are much more aesthetic in our approach to the tourist industry than appears to be the case on the mainland. We do not entice people to stay another hour or so or to eat another 600,000 eggs, nor do we entice them to spend another few million dollars. We like them to stay with us because we like people; we are friendly and sociable and we enjoy their company. We want them to enjoy us and furthermore we like them to drink in our natural beauty and to enjoy the pleasure of our outdoor life, which is second to none in this country. Of course if in the process they do spend a few more millions or eat a few more eggs that is all to the good but it is purely incidental.

Those hon. members who had the pleasure of seeing the pictures shown in the committee room last Tuesday, I believe through the courtesy of Senator Pratt, will realize that in Newfoundland we do have very fine tourist attractions. Those hon. members who were unfortunate enough to have missed those pictures will, I hope, have another opportunity in the near future, because I understand there was sufficient interest aroused to request a second showing. As those pictures prove, we do have unsurpassed tourist attractions in the way of hunting for both big and small game, fresh water fishing, boating and deep sea fishing. The opportunity to develop our tourist industry, was, in fact, one of the main arguments put forward in favour of confederation, and to that end the terms of union embodied a provision that the trans-Canada highway should cross the province from one end to the other and that when this route was completed a new and modern car ferry would be built by the federal government and put into service on the Cabot strait. The vessel designed for this service is the *William*

Carson, and we understand from what the Minister of Transport (Mr. Hees) told us a few weeks ago that it will undertake this service some time in the middle of next month.

The delay has been somewhat of a blessing in disguise, because the tourist industry in Newfoundland cannot prosper until we have sufficient accommodation available for the tourists. That is our greatest need at the present time, but in spite of the lower interest rate tight money still exists as far as the tourist industry is concerned. The hon. member for Parry Sound-Muskoka gave us some of the reasons why this should be the case, and I think that since this is a national question it is right for the industry to expect some assistance from the federal government.

The industry is not asking for a handout; it is asking for credit which cannot be obtained from the usual sources because of conditions which apply to the tourist industry more than to other industries. The season is short; business takes a long time to become established, and there are, even now, better investment opportunities. There is a definite need here which must be met, and in Newfoundland, and in my own riding in particular, the tourist industry has practically come to a standstill because of the lack of accommodation.

Efforts have been made by the provincial government during the last four years, but because of conditions on the money market these efforts have not been successful, and unless funds are made available to people who are willing to risk money of their own in these ventures, the tourist industry cannot develop as it could properly be expected to develop.

Nevertheless, it seems to me that this industry has today become almost an essential industry; it is certainly an industry of national importance and one which makes a great contribution to both the national economy and the provincial economy not only through the money which visitors spend directly but because of the encouragement which is given to the development of small home industries.

It is now not uncommon for the government to make money available to assist industries which private capital is not prepared to develop, and certainly the tourist industry has a very strong claim for assistance. As the hon. member for Parry Sound-Muskoka has pointed out, the method by which this money is made available is not important; it is the principle which is important, and I hope that the government will recognize the principle embodied in this resolution and, before long, embody it in the laws and statutes of this country.

Loans to Tourist Resort Operators

Mr. J. C. MacRae (York-Sunbury): Mr. Speaker, the resolution proposed by the hon. member for Parry Sound-Muskoka (Mr. Aiken) reads:

> That, in the opinion of this house, the government should take into consideration the advisability of introducing legislation to authorize the making of loans, jointly with an approved lending institution, to tourist resort operators for the purpose of constructing or making capital improvements to tourist accommodation.

This is, I feel, an excellent one, and most timely. I was deeply interested in this resolution when I saw it on the order paper because I have spent all my life in a province which is very tourist conscious. I refer of course, to New Brunswick, which has been called the picture province of the dominion. It has been said by previous speakers that the tourist industry is big business, and that is quite true. That is borne out by figures which have been given, but which, I feel, bear repetition. In 1948 the money which came into this country as a result of this industry amounted to $280 million; by 1957 it had risen to $362 million.

Since the end of the second world war travel has grown from being a luxury of the wealthy few to being an accepted way of life for every portion of the North American population. The increase in wages and salaries, the shorter working week and longer paid holidays have put the travelling vacation within the reach of everyone. Tourism has reached the status of a major industry. In addition to the moneys spent in Canada by visitors from foreign lands, millions of Canadians spend hundreds of millions of dollars every year travelling in Canada. Tourism has a special significance for the Canadian economy and society in three ways:

1. Through travel from other countries it is the source of new found money which creates additional commerce and employment in Canada.
2. An efficient, attractive tourist "plant" in this country can hold travelling Canadians in Canada and keep in circulation here money which would otherwise be lured abroad.
3. Travel by Canadians within Canada promotes a deeper understanding of our own country and a greater appreciation of our land and our rich heritage, and it fosters national unity.

Tourism means much to Canada, but it could mean a great deal more if the tourist industry were more adequately equipped to meet competition in the international market. In the United States, for example, the tourist business in 1956 grossed about two-thirds as much as the whole agricultural and livestock industry, according to the United States department of commerce. If this trend continues, tourism in the United States may soon surpass agriculture as a major industry.

Loans to Tourist Resort Operators

Obviously, with more potential tourists than ever before, tourism could be very much bigger business in Canada. But under existing conditions Canada is not holding its own, because last year we had a deficit of $161 million in our tourist account. In other words, while those visiting Canada—and these are dominion bureau of statistics figures—spent $362 million, Canadian visitors to the United States and other countries abroad spent $523 million, a deficit of $161 million which is approximately the same figure as in 1956. It has gone up from a balance, on the other side of the ledger, since 1948, of $145 million.

Canada formerly received the largest share of the money which residents of the United States spent in visiting other countries but that is no longer the case. Since 1953 Europe has attracted more United States dollars through visiting tourists than Canada has. Despite the increase in the cost of transportation, spending by United States travellers in all countries outside the United States is almost double since 1949 but during that same period United States spending in Canada increased by only 23 per cent while Canadian expenditure in the United States rose by 144 per cent.

Many reasons can be given for these travel trends. Among the most important and the more obvious in this competition are the romance of distant areas, the speed of modern air travel, the premium on the Canadian dollar about which I should like to speak later, and the comforts offered by facilities abroad. Competition for the Canadian and United States travel dollar will increase as the world shrinks and as North Americans take more to the motor car and as we, as a people, grow more curious about the world itself. This makes it imperative that Canadians who cater to tourists be able to offer the very best services and facilities to those who demand them when they come here.

It is, of course, sound business practice to improve tourist facilities and accommodation. Millions of dollars are being spent every year by governments, transportation companies and other businesses by way of large advertising campaigns inviting our neighbours in that great country to the south of us to visit Canada and inviting Canadians to travel in Canada. Last year the Canadian government travel bureau spent more than $1,200,000 on an excellent promotion campaign in the United States. I believe that it is economic to back up this expenditure with a product of the highest quality. Promotion of this type abroad and improvement to the tourist plant at home are inseparable. Good advertising alone will not sell an inferior product.

[Mr. MacRae.]

We must offer the traveller more when he gets here. We want him to enjoy the longest possible vacation in Canada and, even more important, to return another year with his friends.

I feel that one of the major deterrents to improvement in tourist facilities and accommodation is the lack of credit facilities. The tourist industry needs long term credit at a reasonable rate of interest. Loans of this nature are not readily available from the chartered banks, insurance companies and trust companies. Without long term credit at moderate interest rates, the return on investment in the tourist industry, especially in the seasonal establishments, is not high enough to allow for the extensive upgrading which is required. The prices charged by the older establishments are low in comparison with those charged by newer places and yet, for what many operators have to offer, the rates are perhaps all that the service is worth. Most of these operators realize that their facilities should be improved and they are anxious to carry out a modernization program but they lack the needed resources. Should an operator improve his facilities by borrowing other than from a bank, insurance company or trust company, he is often obliged to pay a bonus of 10 per cent to 12 per cent and interest payments of eight to 10 per cent or higher. He is then forced to charge very high prices in order to be able to repay the loan in the allotted time. This situation gives the tourist industry a bad name and decreases Canada's competitive position in the industry.

In a recent brief presented to the Minister of Finance (Mr. Fleming) the Canadian tourist association advocated that this government should enact legislation to be known as the "tourist establishment improvement loan act". The resolution now being discussed follows along that line. I should like to place on the record the recommendations of the association with respect to the provisions of the proposed act:

Such an act should provide:

(a) Moneys for the improvement, replacement and expansion of established resorts, restaurants, hotels, motels and camps.

(b) A maximum on individual loans of not less than $50,000.

(c) A maximum term of not less than 10 years.

(d) Loans to be made at a reasonable rate of interest, not to exceed the prevailing rate at the chartered banks.

(e) Funds to be made available by means of government guaranteed loans through the chartered banks.

(f) Total amount to be guaranteed by the government of Canada, not less than $15 million.

The Canadian tourist association is the authority on this particular phase of our economy and it is interesting to consider what

it feels the adoption of these provisions would accomplish. The brief states that in the opinion of the Canadian tourist association the adoption of these provisions would reduce the risk factor of the lending program in two ways:

(i) The operation of tourist enterprises requires specialized knowledge and techniques. It is therefore prudent to guarantee loans only to persons who are established in the industry and have demonstrated success.

The hon. member for Parry Sound-Muskoka (Mr. Aiken) made that point very well but I feel it bears repetition. The brief continues with these words:

The risk of lending to inexperienced operators, who might fail in business, is therefore minimized.

(ii) Lending through the chartered banks would also minimize the risk factor. The manager of the local bank knows local conditions, and he is in the best position to assess the credit worthiness of the client—to assess his record as an operator and the improvements which are contemplated.

I feel that a loan of this type would have beneficial results beyond the improvement of many individual tourist establishments. It would assist in making Canada's tourist industry more competitive in the world market. It would generate new income which would ease Canada's international trade deficit, especially with the United States. It would support our extensive travel promotion program in other countries. It would provide construction and employment during the fall and winter months when seasonal unemployment is at its peak. It would stimulate every phase of the national economy.

The question was raised when the hon. member for Port Arthur (Mr. Fisher) was speaking about how long the tourist industry had been a factor in our economy. I can well remember as a very young lad on the Restigouche river in northern New Brunswick—that river which is famous all over the world for its Atlantic salmon, the finest fighting fish in the world—United States sportsmen who came up there summer after summer and who had been coming for years. Their contribution to the economy of that particular region was one of the most important factors in the livelihood of many of the people there. I had a personal interest in it because, as a young teacher in a community on that river, 90 per cent of my salary was paid by the United States sportsmen. I began to realize how much the Atlantic salmon was worth to the people there.

I feel, however, that we in Canada who are interested in the tourist industry—while most of us have no direct connection with it yet we are interested in the economy of the nation and the financial betterment of our country—have missed the boat badly in several ways. It has been said, and I should like to emphasize it, that we try to be merely carbon copies in too many ways of the United States. Take, for example, in the matter of food served. There is perhaps no finer dish in the world than a freshly boiled lobster recently taken from the sea off St. Andrew's or somewhere else in the east, or perhaps steamed clams or Atlantic salmon. But what do we see served so frequently in many Canadian restaurants? Southern fried chicken! I do not believe that visitors from the United States have come to Canada to enjoy southern fried chicken. I feel they would enjoy much more a St. Andrew's lobster or Atlantic salmon or some other fine Canadian dish. I could continue at some length but I need only say that all of us have had the unfortunate experience of eating in restaurants where the food has been poorly prepared and served although in all fairness I must say that many of our eating establishments are adequate.

As I have driven about the country—and in the last few years I have seen much of Canada—I have been amazed at the number of hotels and motels that are located right beside the road. Perhaps here in Ottawa where there are several fine motels that is necessary but when I go to bed at night I like to be located some distance from the road so my sleep is not disturbed by traffic and street noise. Many people do not seem to give any thought to the location of the tourist accommodation they construct. Perhaps the only thought they have is the cheapness of the land. I think a great mistake is made in this respect.

There is another thing about which I should like to speak very briefly. I think we miss the boat again with respect to the service that is provided in so many of the hotels, motels and restaurants in this country that cater to our people. I do not think there is any substitute for courtesy and cleanliness. At the 1957 annual meeting of the Canadian tourist association it was suggested by one of the panelists that there should be a school for those people who are in this type of service and I can quite appreciate that. As a teacher deeply interested for most of my life in education and teaching others certain skills, I think that is an excellent idea. For example, I think waitresses should be taught that it is not necessary to insert the whole thumb into a bowl of soup but only up to the first knuckle, and other things like that. In a more serious vein, I believe there certainly is scope for improvement in this direction. Too many times it seems to me that restaurant operators, motel operators and others seem to get their help from the cheapest possible source. That

may be so; I do not know. But I think if more care were exercised in hiring and training staff it might help.

I come now to another point with respect to which many will perhaps disagree. I think one of the curses of travel is that degrading habit known as tipping. I am told that some 100 or so years ago the word "tip" originated when a box was placed in Lloyds restaurant—at the beginning Lloyds was a coffee house before it became a great insurance firm—with the words "to insure promptness", and from that the word "T-I-P" evolved. On the other hand I have read that thousands of years ago this same practice was in effect. How many times in our travels, have we received poor service and yet have been expected to tip the person who has performed some service for us for which they have already been paid a salary?

I had occasion a few years ago to travel to Vancouver and to stay for a short time at one of the luxury hotels of the west. I do not do that very often because I never felt I could afford it. But in this particular instance in getting from the train to the hotel and then from the hotel back to the train I ransomed my luggage several times from the young lads who carried it. The president of the Canadian tourist association, W. Gordon Wood, who is also vice-president of sales for T.C.A., had this to say about tipping at the 1957 convention of the association:

Perhaps the time has come for us to consider the establishment of a committee to study the abolition of tipping. We are not saying that this is practical—

I think it is practical.

—or whether it is right or wrong—

Personally I feel it is wrong.

—but we do know this—

This is the point made by this man who is very conversant with tourist affairs in general.

—that if Canada could announce to the United States tomorrow that we have abolished all forms of tipping, we believe that we could wipe out our travel deficit.

That deficit, as I said earlier, is now $361 million a year. I believe that people who perform a service, whether as a porter on a railway train or as a waitress in the parliamentary restaurant, should be paid a salary commensurate with the work they do. I do not and never have believed in the practice of tipping because I feel it is degrading.

There is another point I wish to put forward and it is strange it has never been mentioned before. I refer to the handling of United States money in our country. When United States tourists come to the border no attempt is made to change their currency into Canadian currency. A Canadian or anyone else travelling in France would very soon obtain French francs. A person travelling in England would immediately obtain his pounds, shillings and pence or his "quid" and "bob". But when United States tourists come to this country no such attempt is made.

What do we find? We find that because of economic factors their money is not worth as much as ours. The result is that time after time in our establishments we see arguments going on between some poor harassed cashier and a United States tourist because their dollar is only worth 96 cents. We have all had the experience in the past—I know I can remember it as as a youngster—of going across the border to the United States, having our money thrown back to us and being told that it was no good. Possibly that still happens. I do not know. But I believe it would be a very sensible thing for the Department of Northern Affairs and National Resources, the Department of Citizenship and Immigration or whatever department is concerned, to have at the larger border crossing points at least, the necessary facilities so that as soon as these people have been checked through by customs and immigration officials they can change their money into Canadian money. Then they would have the currency of our country as long as they were here and there would not be these arguments and hard feeling—there is hard feeling when United States tourists find that their money is not worth as much as ours.

Going back to my youth many years ago I can well remember living with a farmer who had a rather good mixed farm. He had done well and I asked him what was the secret of his success. He said, "My boy, on a farm like this the whole year round you have always got to have something to sell." I think that in Canada we have a great deal to sell if we package it properly.

Like other members who have spoken today, and as I will perhaps be the only speaker from the province of New Brunswick, I should like to take a few moments to tell about the beauties of my province and what it has to offer to the visitor. I am sure many hon. members have never been that far east. There is the beauty of the Restigouche, Miramichi and Saint John rivers, perhaps second to none on the whole North American continent, —the tidal bore of the Petitcodiac, the reversing falls on the Saint John river, the only phenomenon of its kind in the world the Magnetic Hill, the beauty of the islands of the bay of Fundy such as Grand Manan and Campobello. In fact, so beautiful is Campobello that for much of his life the late President Franklin Delano Roosevelt spent his

summers there and, some say, loved it even more than his own country.

There is the beauty of the historic sites, the land that Cartier first saw in 1534, that was first settled in 1604 and to which the Loyalists came when they emigrated to this country. I could talk for many hours about the beauty of the province from which I come. I simply suggest to you, Mr. Speaker, and to all other members that at the earliest opportunity you come to visit us in New Brunswick. I am sure you will receive a welcome second to none in the whole country.

Finally, Mr. Speaker, notwithstanding what was said by the hon. member for Port Arthur, I feel that the resolution of the hon. member for Parry Sound-Muskoka is not socialism. It is merely justice. If it is implemented, and I am sure it will be at some time by this government in its wisdom, and it possesses a great deal of wisdom, it will be a great boon to this most important phase of the life of our country.

Mr. A. E. Robinson (Bruce): As the representative for Bruce, Mr. Speaker, I am very happy to make a few remarks on this resolution sponsored by the hon. member for Parry Sound-Muskoka (Mr. Aiken). The resolution reads:

> That, in the opinion of this house, the government should take into consideration the advisability of introducing legislation to authorize the making of loans, jointly with an approved lending institution, to tourist resort operators for the purpose of constructing or making capital improvements to tourist accommodation.

I should like to say that we in Bruce are very happy to claim the mover of this resolution as an ex-Bruce boy. I should like to compliment him upon the presentation he made. I should like to say also that we in Bruce are very happy that there are two other hon. members in this house whom we claim as ex-Bruce boys. I refer to the hon. member for Kindersley (Mr. Hanbidge) and the hon. member for New Westminster (Mr. McLennan). I am sure that these three hon. gentlemen will back up any remarks I have to make this afternoon.

Bruce is classified as a rural riding. Our largest town has a population of less than 3,000. We have some very reliable industries in these towns, but I would say there is room for a lot more. The riding is about 140 miles long and we have about 300 miles of shoreline. Our county is two-thirds very good agricultural land, and the other one-third contains some very good tourist locations. I should like to say that we in Canada are very fortunate. We have many wonderful places, and one realizes that after hearing so many hon. gentlemen extol the virtues of their locations this afternoon. I am happy to say that we in Bruce do not have to take a back seat to any of them.

Now the tourist industry is a very important industry, not only in Bruce but in the whole of Canada. Our federal government spends a considerable sum in advertising Canada as a tourist attraction, as do many provincial and municipal governments. The tourist industry is something that is really good for the world in that it encourages visitors from one country to another, and the people become better acquainted. It is good for our country as a whole, because it encourages visitors to go from one province to another. I think, in the end, a bit of travel is really a very broadening experience.

As I said before, a large amount of money has been spent in advertising, but in addition a large amount of money has been spent by Canadians in visiting other countries. I think it would be good business to take stock of our own locations, and try to make them more attractive. I am sure that if we did so much of the money spent by Canadians in other countries would be kept in Canada. I believe that the old slogan "See Canada first" applies ever more strongly today. Most of our tourist industries in Bruce are run by local people who have started from scratch, and in many cases with very limited means. Under the circumstances, they have done a wonderful job. However, I am strongly of the opinion that if the principle of this resolution is carried through, it will be a boon not only to the tourist operators in Bruce, but also the surrounding district.

I wish to quote part of an editorial which appeared in the Owen Sound *Sun Times* on July 21, 1958, entitled "Figures Show Importance of Tourist Industry":

> Any centre that is able to persuade a few dozen tourists to stop in its area during the four summer months will reap financial benefits corresponding to the presence, and year's operation, of a small manufacturing plant, says an Ontario department of travel and publicity statement and, it adds, for every dollar a tourist spends, the community benefits in these proportions: food and refreshment caterers, 27 cents; transportation services, including gas and oil at service stations, 22 cents, lodging and accommodation, 21 cents; retailers, 14 cents; theatre and entertainment, 7 cents; tourist attractions, 4 cents and miscellaneous services, laundry, etc., 5 cents.
>
> A Muskoka popular resort bought $18,855 worth of food and accessories for the season and "gave the proprietor a reasonable profit and kept the producers of the farm and orchard products and kept manufacturers of many and various materials, supplies and equipment gainfully employed."

Now, at the bottom of that editorial it says this:

> In the face of such figures one receives a much greater realization of how unfortunate it is that many of our best summer resort areas are under the jurisdiction of councils composed of men whose vision is strictly limited. They deeply begrudge

money spent on what they consider the "summer colony", even though such money is many times contributed by direct taxation from those same people, to say nothing of the other benefits shown from the above example.

According to these figures, we find 27 per cent of the tourist's dollars came to over $18,000. It is logical then, to conclude that four times $18,000 was spent by the tourists who visited that one summer resort, and this would represent a total of approximately $70,000.

In conclusion, Mr. Speaker, I should like to make a few remarks about civil defence as it ties in with this resolution. I should like to quote part of an editorial from the *Globe and Mail* dated July 19, 1958.

Mr. Speaker: Order. The hon. member has made a statement that civil defence ties in with this resolution. I should like to have that developed a little bit before I allow him to proceed.

Mr. Robinson: If you will permit me, sir, it is a very short quotation and as soon as I have concluded I am satisfied you will see I am in order. I quote:

In the event of an impending attack metropolitan Toronto citizens would be moved to reception areas in the Bruce peninsula and to regions north of Brockville, it was learned last night.

I hope the time will never come, Mr. Speaker, when the metropolitan Toronto area has to be evacuated. If it does, we in Bruce would hope to be good hosts, and we will be helped in being good hosts if this resolution carries, thereby permitting us to have bigger and better tourist accommodation. I am very much in favour of this resolution.

Mr. H. W Herridge (Kootenay West): I rise to give this resolution my hearty endorsation and to congratulate the hon. member for Parry Sound-Muskoka (Mr. Aiken) for bringing this matter to the attention of the house. In this resolution, in my opinion, he proposed something that is of value to society and of value to a good many individuals. It is obvious that the great need for the expansion of the tourist industry in this country, under the requirements of the future, is some form of long term credit which is not available, generally speaking, from the orthodox lending institutions in the country; credit which is required, to my own knowledge, in my own constituency for the development of tourist resorts and things of that type. I have listened to the majority of the speakers this afternoon, and it is quite obvious that the condition which exists in my own constituency exists generally in Canada.

I should like to support also what the hon. member for Bruce (Mr. Robinson) said, when you rather cocked your eye, Mr. Speaker, as though he was getting out of order. As a matter of fact, that same suggestion has been made in our own district and tourist resorts have been registered as areas where people can be sent, if necessary, under certain conditions. We in this country have a tremendous potential to be developed in this respect in our scenic assets and a potential in the development of opportunities provided for swimming, fishing, hunting, boating, mountain climbing and all those other enjoyments that go with the enjoyment of our lakes, rivers, mountains, parks and other natural resources of that type.

Naturally I cannot refrain from becoming somewhat parochial in this discussion in order to illustrate my point and my reasons for the support of this resolution and to bring to the attention of the house—and I trust to some limited extent to the attention of the country in certain directions—the opportunities provided in Canada's paradise, the Kootenays. I made a summary some time ago of the possibilities for the establishment of tourist resorts in my constituency in certain locations. While at the present time we have excellent accommodation in Nelson, Trail, Rossland, Nakusp, Needles, St. Leon, Kaslo, Beaton, Boswell, Balfour, Proctor, Queen's Bay, Kootenay Bay, Gray Creek and so on; there are unlimited opportunities for further development.

In our district we are today largely overlooked, shall I say, by some very interesting mountain ranges which many famous Canadian climbers have taken the opportunity to enjoy by climbing. They include the Selkirk range, the Purcell range, the Monashee range, the Duncan range, the Battle range, the Valhalla range, the Goat range and a number of others. We have many well-known peaks that have been climbed by a good number of people, and largely as a result of the limited development of the tourist industry in my constituency today. They include Halcyon peak, Nelson peak, Akokla peak, Nowitka peak and mount Fosthall.

Then we have some magnificent parks that can be developed to a much greater extent if the facilities are provided. Passage of legislation of this type will make it possible for people who understand the country, competent people, to develop the tourist resources and the accommodation required to provide for the further enjoyment of the things I am mentioning in Kootenay West. We have excellent parks at Kokanee Glacier park, Nakusp hot springs provincial park and a number of other areas. We have hot springs to be developed at Ainsworth, Nakusp, St. Leon and Halcyon, they are magnificent hot springs and in all but one case are largely undeveloped

at the present time because of lack of co-operation—and in one case particularly, an operator has already spent nearly a quarter of a million dollars in the development of one hot spring—lack of opportunity to borrow sufficient long term credit to develop these hot springs to their proper capacity and so on.

We have some famous lakes including the Arrow lakes, the Kootenay lakes, Slocan lake, Trout lake, and Whatshan lake, which provide magnificent boating, swimming and fishing. In the paradise in our district are offered innumerable opportunities for the development of tourist accommodation. I know a number of people who own very suitable sites. In some cases there is no development because of lack of capital and in other cases there is very small development because of lack of capital.

Then we have opportunities for fishing in Howser lake, Beatrice lake, Demers lake, Little Slocan lakes, Wilson lake, Kemball lake, Duck lake, Caribou lake and Sugar lake, just to mention a few of the multitude of excellent lakes in the area which provide fishing for Kamloops trout, lake trout, Dolly Vardens and fish of those species.

As to rivers, we have the Inonoaklin river, the Duncan river, the Howser river, the Lardeau river, the Kettle river, the Columbia river, the Kootenay river, and the Slocan river which also provide tremendous opportunities for this type of development. We have many natural creeks which contain the famous Kootenay brook trout, to which, when people come once, they return year after year. They include Incomappleux creek, Akolkolex creek, Pingston creek, Kuskanax creek, Hamill creek, Sheep creek, Monashee creek, Meadow creek, St. Leon creek, Halfway creek, Sitkum creek, Slewiskin creek and many, many others which provide the excellent brook trout which is becoming known all across this country.

In addition to that, Mr. Speaker, we have many undeveloped areas that I shall not take the time to mention now. I have just mentioned a few to illustrate the outstanding opportunities in my constituency for the development of the tourist industry and for the provision of accommodation for which this type of legislation is required if the people who are interested in the industry are to have the opportunity to develop it.

I think this is one facet of our development that can be related to planning as a result of co-operation between the federal and provincial governments, particularly those departments that have under their jurisdiction our natural resources of this type and their development and those departments that have under their jurisdiction the development of highways and things of that sort, whether they are trans-Canada highways or provincial highways. It also offers an opportunity for the correlation of that co-operation between provincial government departments with whatever department of the federal government would be concerned with administrating legislation of this type so that the development can be planned and money can be lent for sound projects. I am always in favour of sound business policy. I always believe that two and two make four. Oftentimes people think they have a wonderful opportunity to do something and would like to borrow money with which to do it. But when you investigate it you find out that the possibility for patronage, business and so on is far too limited and that their ideas are largely in the nature of dreams. However, I suggest that there could be some very sound co-operation between the departments of federal and provincial governments that are interested in the development of our national resources, particularly our parks, recreational development and the provision of tourist accommodation.

I suggest that this subject is worthy of further study. I should like to see this resolution adopted unanimously by the house and then be referred to the appropriate committee of the house for further study and for the hearing of the representations of those in the various departments, federal and provincial, who are particularly interested in this problem and the development of these facilities and the hearing of representations from persons interested in the development of tourist resources, owners and so on, and the various organizations that represent their interests. As a result of that inquiry by a parliamentary committee I think the government would be on very sound ground in introducing legislation to give effect to the purpose and the spirit of the resolution moved by the hon. member for Parry Sound-Muskoka.

(Translation):

Mr. Vincent Brassard (Chicoutimi): Mr. Speaker, a country like Canada which has a very considerable trade deficit with its neighbours to the south should, in order to balance its payments, make the greatest effort to promote the tourist industry, as one of the most efficient means to balance our country's trade deficit. In practically all spheres of our economic activity, the tourist industry acts as a stimulus. Let tourists come over in large numbers and it means more business for hotels, restaurants and, therefore, all who supply food products and services.

There are, of course, areas in Canada that are just about perfectly set up for that pur-

pose. Indeed, in such areas, the tourist trade is so profitable that in some cases it can be said that it is their chief industry. However, Canada as a whole is far from being perfectly organized in this respect, and there are still large areas which, though extremely picturesque, do not benefit from the economic help this very modern industry could bring them. Why? Because lack of capital has prevented the building of essential accommodation that would draw and hold visitors here. One case in point is my own riding, though I shall not attempt at this time to describe all its features and attractions. Of course, we have first class hotels and restaurants, but just enough to accommodate commercial travellers or businessmen. To open up the kingdom of Saguenay to large scale tourism, several million dollars should be invested in specialized accommodation, and our businessmen lack the required capital to finance such a project on their own.

Until about 10 years ago, the only tourists who came over would sail up the Saguenay in a Canada Steamship Line vessel and used the boat as a hotel even when it put in at Chicoutimi. This is a type of tourists who are profitable only to the steamship company. As for our railway, to which I have referred on a previous occasion, it is far from being the modern, twentieth century transport which is likely to attract visitors to the area. Until that railway has been overhauled or rebuilt, you can be sure, Mr. Speaker, that those who travel over it for the 13 hours it takes to cover the distance from Montreal to Chicoutimi are people who have no choice but to do so. However, for the past decade, a modern highway has linked us to Quebec city by a 2½ hour drive. This road, which is open the year round, even in the dead of winter, is one of the most attractive highways in Canada, and at each turn reveals new vistas of unsuspected beauty and grandeur. So far, it has been used chiefly by highway transport operators in competing with our railway, for this area has not been ready to accommodate tourists who, on reaching Quebec city, look for interesting side trips they can make.

Hotel organization is therefore a compelling necessity in our district, and that is why I fully support the resolution introduced by my hon. friend from Parry Sound-Muskoka (Mr. Aiken). This resolution is based on a remarkable realism, because it would help reduce considerably the commercial deficit of Canada towards the United States, while developing most districts of our country.

I know that, in principle, the federal government must not interfere with private business, but every rule has its exceptions and, with regard to the urgent situation prevailing in several districts of the country, in so far as tourism is concerned, some legislation is imperative to remedy the situation. Tourist establishments are in the same position as any small industry unable to borrow from credit organizations or on the money market. The previous administration had partially dealt with small and medium industries in establishing the Industrial Development Bank. The present government would complete the cycle and would break the vicious circle in introducing some legislation allowing the Industrial Development Bank to finance tourist establishments.

Another good way of killing two birds with one stone—that is to say develop the tourist business and at the same time increase revenue for the Canadian National Railways—would be to build several other large hotels in various key areas of the country, and especially in Chicoutimi, where such an establishment has long been a crying need.

This summer, about 10 conventions, provincial and even national in scope, will take place in Chicoutimi; and we always find it very hard to provide the necessary accommodation for all our visitors. Besides, many organizations that would like to come and enjoy our marvelous climate in summer, our unique landscapes and, above all, our proverbial hospitality, have to be turned down through lack of accommodation.

Mr. Speaker, in closing my brief remarks, I repeat that the government should do all it can to offset our unfavourable trade balance with the United States. This resolution provides an excellent means to do so, and it is our duty to support it, so that Canada may regain the rank it has lost in favour of Mexico, as the country most frequently visited by American tourists.

(Text):

Mr. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I believe this is the first opportunity this house has had for a full scale debate on the important subject of the tourist industry in Canada and I would therefore congratulate the hon. member for Parry Sound-Muskoka (Mr. Aiken) for making it possible to have such a debate under the

resolution now before us. It is rather remarkable that we do not hear more in this chamber about tourism. I have been listening to the contributions made so far in the discussions and it is obvious that the tourist industry in Canada is assuming very substantial proportions.

As we have heard from several speakers, in terms of revenue this industry is surpassed only by the wheat industry and the newsprint industry and I think it is time that we in this chamber began to take a more detailed interest in what is involved in its thriving and growing activity. The whole subject of the increase in tourism, of course, arises from the increasing mobility of the people during the last few decades. Our society has been moving in the direction of shorter hours of work with correspondingly longer hours of leisure. The advent of the automobile and suitable roads to accommodate automobiles have made it possible for almost every citizen on this continent to become mobile. Holidays are now a universal pattern and when all these things are taken into consideration they account for the tremendous upsurge in the tourist industry and the incidental development in those important bi-products—trade and industrial activity.

We have heard from members from the maritimes and from the central parts of Canada and I would now like to relate some of the issues they have raised and some of the suggestions they have made in their discussions to our situation in the province of Manitoba. Manitoba is popularly known as the keystone province because of its geographical position, right in the centre of the federation and has become increasingly popular as a mecca for tourists. The geographical position of Manitoba is partly responsible for this because we are also close to the geographical centre of the North American continent and when I say we I mean particularly my own constituency of Brandon-Souris.

Relating the phrase "the keystone province" to broader issues, I have for the past few years been maintaining that this term not only applies to economic things but that it applies also to the political situation in Canada. We have been in a cross current of opinions from both east and west over the years, and as long ago as 1951 I was making the prophecy that as goes Manitoba so goes the rest of Canada. That has certainly been revealed in the political developments which have taken place within the past few months right across the nation. I think the same interpretation would result from an analysis of the developments which have taken place in trade and industry in Manitoba, and certainly it could be used to describe the developing situation in relation to the tourist industry.

It is somewhat significant, I think, to recall that the city of Brandon in the southwestern part of the province of Manitoba was originally known as the wheat city of the west. It has long since lost that title to the province of Saskatchewan but I will suggest this afternoon—and present some facts that will substantiate this suggestion—that as the city of Brandon was once known as the wheat city of the west, the area surrounding it is gradually becoming known as a tourist centre, at least of the continental prairie section of Canada.

I say this because we have a highway passing through this area of the province which is rapidly becoming known as the main street of the Americas. It is a highway which extends from South America through Mexico, right up through the United States, into Canada and on to the northern reaches of Manitoba. At the present time the road terminates in Flin Flon, but with the rapid developments which are taking place in our northern mining communities in Manitoba it will only be a matter of a few years before we have an all-season driveway right through to the port of Churchill.

Along that highway are located some of the most attractive tourist areas not only in Manitoba but in the whole of Canada. I am hoping that at some time those who are interested in the tourist industry in Canada—those responsible for the mass media of information; the press, radio, television, films and other media of that kind—will have their attention attracted to this area. Indeed, I hope that this debate today and this particular presentation may be the means whereby their attention will be directed to this area and that they may do a story on the significance of this main street of the Americas. I propose to deal only with the attractions on the Canadian side, of course.

Right at the border on No. 10 highway we have the international peace garden. Hon. members who have been in this chamber for the past few years will recall that I have had occasion to refer to the international peace garden on former occasions. My interest in the development of this tourist area—because it is that, in addition to being much more than a tourist attraction—began long before I came to the House of Commons. My predecessor in the House of Commons, the late J. E. Matthews, was also vitally interested in its potentialities. The peace garden is a joint Canadian-American project on the Manitoba-North Dakota boundary which is

dedicated to the symbolization of the universal desire of the human family for peace. I attended the ceremonies at the opening of the garden back in 1932.

It is a spontaneous project originally sponsored by the international gardeners association—I believe that is the name. They had been searching right along the boundary of Canada for a natural area, an area untouched by the handiwork of man, which might prove a suitable location for a project of this kind. Mr. Moore of Islington, along with other representatives of the international gardeners association, visited the area, and immediately saw its natural advantages. That was in the year 1929. In 1932 the official opening took place with the unveiling of a cairn which had been raised from the native stone of the area. The inscription on this cairn conveyed the purpose of the international peace garden in the following words:

To God in His glory
We two nations dedicate this garden and pledge ourselves that as long as men shall live, we will not take up arms against one another.

That is the purpose of the peace garden, as is simply stated in the words on the cairn. I had to become active in the house in behalf of this project because shortly after I came to the House of Commons an annual federal grant of some $15,000 was suddenly removed and we had to take action regarding the restoration of that grant which was one of the important financial measures by which the garden was being developed. The grant was restored after one year, but at a reduced amount of $10,000. I am delighted to see from the supplementary estimates that this grant is to be increased to the original amount of $15,000, and I must congratulate the government and particularly the minister of northern affairs (Mr. Hamilton) on having taken this action. It demonstrates that both the minister and the government are aware of the growing importance of the tourist industry generally.

I could spend some time discussing this particular aspect of the tourist industry in Manitoba, but I must not yield to that temptation other than to say that in recent years it is encouraging to note that as result of growing publicity thousands of people annually are coming from all parts of North America and indeed from many European countries to hold international gatherings of various kinds in the garden. Others merely come to the garden and try to capture the inspiration which motivated the founders to establish it and dedicate it to the pursuit of peace. I have already indicated that this project is more than simply an aspect of the tourist industry.

We have, for example, an annual meeting of students. Students from both Canada and the United States gather there for discussions of international affairs. I should give honour where honour is due and say that the junior member for Queens (Mr. Macquarrie was one of the founding spirits of this international conference. Various service clubs and international bodies are also holding their gatherings there. As a matter of fact, if the necessary facilities were available this would be an ideal place in which to hold a summit meeting. The summit is not very high, of course, because although this is on top of Turtle mountain hon. members will realize that with regard to mountains Manitoba can hardly be compared with British Columbia. But the location, and the spirit behind this garden would, I think, create a very fine atmosphere in which the leaders of the nations of the world could confer.

I must mention this point before proceeding with my remarks. A most interesting development has occurred in recent years. I refer to the establishment of an international music camp in the international peace garden. The founder, as one might guess from his name, is a Minnesota Norwegian, Dr. Merton Utgaard, a well-known professor of music from Northern Illinois university. He first got the idea when working in a C.C.C. camp in the depression of the thirties, on the United States side of the garden. During the first week of July musicians from all parts of Canada and the United States including 500 students of music gathered together at this point. The group included such eminent musicians as the leader of the Winnipeg symphony orchestra. The idea behind it is to have not only a workshop for high school musicians but to eventually send these musicians to various parts of the North American continent and to Europe with a view to contributing to the promotion of peace and international good will and understanding through the medium of music the universal language of the soul. That is the animating purpose behind the meeting of the musicians in the international peace gardens.

There is one handicap in the operation of activity of this kind and that is the lack of suitable buildings and facilities. That is a subject I want to direct to the attention of this government. They will be called upon for assistance as concrete proposals of this kind are formulated. That is just the beginning of the main street of the Americas. Extending right up to the northern part of Manitoba we have a series of tourist attractions. All of these demonstrate the tremendous potentiality of this area, the keystone province, as a source of tourist interest.

I should also mention that our neighbouring state, North Dakota, is so enthusiastic about the peace garden to which I have referred that the licence plates for automobiles issued in that state bear the designation, "The Peace Garden State".

Along the main street of the Americas in Manitoba we have such well-known tourist attractions as lake Killarney, as beautiful as its namesake, Pelican lake and Oak lake. Passing through the city of Brandon, whose virtues I need not extol, we are contemplating there in the immediate future construction of lake Brandon which will add to the value of that area as a tourist centre. Next we come to lake Minnedosa in the constituency of my colleague the hon. member for Marquette (Mr. Mandziuk) and Manitoba national park on Clear lake, one of the finest national parks in our whole system. It is second only to the well-known park at Banff in the number of visitors it attracts annually. This weekend I might add the national park in Manitoba has been celebrating the observance of its 25th anniversary. We then continue on to lake Dauphin, to Flin Flon with its many tourist attractions and then come to the north which is a subject in itself.

All throughout this area there is a great need for development along the lines contained in the proposed resolution of the hon. member for Parry Sound-Muskoka. I am grateful that he has provided an opportunity for making some observations in this respect. The problem has been raised by several hon. members concerning just how far private activity should go and to what extent government activity should mingle in this kind of development but that is something that can be sorted out only with experience. The government has already made a large contribution to promoting our tourist industry through the government travel bureau. I believe the publicity that is now being undertaken will assist tremendously in overcoming some of the handicaps that have been mentioned about Canadians going to the United States or even to Europe instead of seeing Canada first. I agree with hon. gentlemen who said we certainly have not been getting the proportion of tourists from that great country to the south of us that we could have expected were the advantages of touring in Canada fully known. The problems of publicity and the provision of adequate hospitality and facilities need solving.

I should make one observation in this regard in which governments should be extremely interested, and that is that the state of our highways in certain areas of Canada leave much to be desired. We know that the roads on the prairies in particular are not very conducive to providing the kind of hospitality that will invite tourists to return or encourage them to invite their friends and neighbours to come to Canada. It is not a new idea to sponsor the notion that governments on all levels should take a very hard look at the problem of providing roads that are suitable and adequate to meet the needs of this thriving new industry in Canada. If the tourist industry is third in position as a revenue bearer, with a very small outlay and little thought in organization it could easily assume the topmost position. As far as my area is concerned, any assistance of the kind proposed in the resolution will be welcome. It will provide a great boon to the diversification of industry that is so badly needed in that part of the country.

May I call it six o'clock, Mr. Speaker.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. John MacLean (Winnipeg North Centre): Mr. Speaker, I had not thought I would be following directly another Manitoba member in this debate. Perhaps it is a good thing for by strength of numbers and conclusiveness of argument we may be able to convince members of the house to visit and enjoy our fair province.

With regard to the resolution before us, as many of the previous speakers have pointed out the Canadian tourist association is a non-profit organization serving the Canadian tourist industry and as the national voice of Canada's tourist industry it represents almost every phase of the Canadian economy. It has been further pointed out by previous speakers that the tourist industry in Canada is an extensive business and that part of everyone's income comes from visitors to our communities and to the country. It has been said that tourism means much to Canada and I agree completely with that statement. However, apart from the national picture as a whole I should like to point out to the house that the tourist trade in the province of Manitoba is an important segment of the national tourist business and, in effect, has been growing larger and larger every year.

Many people across the country do not realize that the city of Winnipeg is located only 60 miles from the United States border and Manitoba as the keystone province in its favourable geographical position and with its abundance of tourist attractions now occupies an important status in the Canadian tourist business. You have heard my good friend,

the hon. member for Brandon-Souris (Mr. Dinsdale), extol the virtues of the tourist attractions in his constituency and the area surrounding it in the southwest portion of the province. I do not intend to repeat his remarks but rather I should like to discuss the tourist business in the province of Manitoba as a whole with, of course, some reference to the city of Winnipeg.

In 1957 more visitors came to our province and spent more money than in any previous year. The estimated value for 1957 is well over $31 million and it is considered that this amount was spent by at least one million tourists. For the year 1957 the province of Manitoba had the largest percentage increase in the tourist industry of any province in Canada. Another significant index of the upward trend in Manitoba's tourist volume is that for the first six months of 1958 there was an increase of 12.9 per cent over the corresponding months of 1957 in the number of foreign vehicles coming into the province. This is the largest increase of any province in Canada, with our closest competitor being the province of British Columbia. Present indications suggest that the year 1958 will be the best tourist year in the history of the province. The current period of economic adjustment in capital investment, industrial activity and consumer purchases appears to have had little, if any, reflection on the tourist trade of Manitoba.

It is noted that families and sportsmen are already allocating more money for travel and holidays than ever before. Disposable income available for travel and vacations has increased more than most commodity prices and service charges. The factor of money is not alone in influencing the tourist trade in Manitoba. As is pointed out in the Manitoba tourist industry report, a publication of the department of industry and commerce of the province of Manitoba, "time itself is a big factor".

In the states of the United States closest to our province paid vacations for hourly workers have more than doubled since 1939. Today well over 95 per cent of hourly workers have vacations with pay. Four times as many companies now allow three weeks vacation as did ten years ago. The five-day week has become standard practice throughout business and industry. Thus all facets of the tourist trade, theoretically at least, have a stake in over 120 days of an employee's year. This figure is made up of the annual vacation plus statutory holidays and week ends.

The trend in Manitoba this year is reflecting the influence of these factors. Capital investments in new motels, hotels, resorts, hunting and fishing lodges, in additions and modernizations to be completed in 1958, will see the greatest amount of investment in tourist facilities ever made in a single year in this province. This in itself is reason enough for me to give serious consideration to the resolution before the house tonight.

The population of our province is approximately 850,000 with roughly half of this number being concentrated in the Winnipeg area. From the Winnipeg of 1874 with 4,000 people to the present Winnipeg with close to half a million people, Winnipeg's growth has been truly amazing. Today greater Winnipeg, which includes Winnipeg proper and its twin city of St. Boniface across the Red river, stands as Canada's fourth largest city and the leading industrial and agricultural centre of three provinces. Every year, and this is a point I should like to emphasize, the city is host to more than 600,000 tourists and, whatever the purpose of their visit, you may rest assured that Winnipeg offers them a warm hearted welcome. The mayor of the city of Winnipeg would, I think, agree with me in saying that the key to our city in effect is available at all times for all visitors to the capital city of the province of Manitoba.

The fact that a great deal more than half of the estimated number of tourists who come into the province of Manitoba visit the city of Winnipeg is also another reason why I, as the member for one of the Winnipeg constituencies, should consider seriously this resolution. The city of Winnipeg welcomes the tourist trade for the city can provide adequate accommodation, is a mecca for visiting shoppers and has within the limits of greater Winnipeg over 1,000 green acres of park made up in the main of spacious Kildonan, St. Vital and Assiniboine parks which I am sure you would all enjoy.

Throughout the year the city of Winnipeg has a wide selection of entertainment ranging from sports as played in our magnificent new arena and stadium by professional hockey, baseball and football teams, namely the Warriors, the Goldeyes and, of course, our famous Blue Bombers,—I may say that Winnipeg is one of the few cities in Canada that is able to support three professional athletic teams—to the new modern Assiniboine Downs race track and, on the more cultural side, the Royal Winnipeg ballet and the outdoor Rainbow Stage at Kildonan park to the latest production at the Playhouse theatre. Of course, the tourist's visit would not be complete unless it included the colour and pageantry of the very interesting and beautiful festivals of the various ethnic groups in our fair city. Whatever the tourist's taste may be, he may rest assured that in the city of Winnipeg he will not be bored.

In concluding this brief résumé of the attractions of the city of Winnipeg and the province of Manitoba,—I must admit it is very brief and I could go on for many hours but I have not got that many hours—I should like now to dwell on the resolution with regard to the financial aspects. I have attempted to show the house that we have a tourist industry in our province which is very important to the people of Manitoba. This makes it necessary that I consider this resolution in all its details. Who benefits from the tourist trade? In the first place it should be established that what is called the tourist trade is, in fact, a combination of many private businesses and government services. In most cases, they work independently, but all contribute goods or services which are used or consumed by the tourist.

Whatever one may do for a living, whether it is in industry, farming, the wholesale or retail trade, or some other business or profession, part of your income is derived from the visitors to your community or to our country. The Manitoba government has done a great deal of research on the tourist industry. I should like to take up some of your time by quoting from figures which show a breakdown of every tourist dollar spent in our province. It is estimated that the retail stores all over the province are the chief beneficiary of the tourist spending, in that 31 cents of every tourist dollar is spent in retail outlets. About 24 cents goes for accommodation of one kind or another in hotels, modern hunting and fishing lodges, camp grounds and trailer parks. Restaurants, dining rooms and snack bars collect 21 cents of every tourist dollar. With regard to this last factor, the province of Manitoba estimates that in 1957—how they procured this estimate, I do not know—the consumption of foodstuffs by tourists amounted to 600,000 eggs; 2.5 million pounds of grain products; 1.5 millions pounds of sugar and syrup; 725,000 pounds of butter; 7.5 million pints of milk and 4.5 million pounds of meat and meat products. These figures aptly demonstrate the large and important tourist industry in the province of Manitoba.

Of every tourist dollar spent in our province, there was 15 cents spent for gas and oil. Altogether, in 1957, tourists purchased $5.5 million worth of gas and oil. You can just imagine, on the gasoline tax alone the treasury of the province of Manitoba collected about half a million dollars. I was amazed when I was in receipt of these figures to find that the tourist industry of Manitoba actually was so large. Of the balance of the tourist's dollar, 9 cents was used for entertainment and miscellaneous unclassified purchases. From these official figures, it may be seen that the tourist trade benefits many different sections of our economy in Manitoba and, of course, across Canada as a nation.

Conversely, the introduction of these important tourist dollars means a high standard of living for many of our people. It is reasonable to assume that the tourist industry will play an increasingly important role in the future in broadening the base of our economy. We may make this reasonable assumption, and I make it in all seriousness, because of definite trends in high and rising incomes; the allocation of more consumer dollars for vacation and travel; the increase in the number of privately owned automobiles; the growing participation in outdoor activities by both sportsmen and family groups. Of course, so far as Manitoba is concerned, there is the further fact that there is close proximity of a receptive class of prospects for travelling and holidaying in our province. Because of the importance of the tourist industry and the reasonable assumption that it will play an increasingly important role in the future, we are well advised to study this resolution with regard to long term financing for tourist resort operators.

As the brief submitted by the Canadian tourist association to the government concerning a tourist establishment improvement loan act—which is much the same thing as this resolution proposes—points out, the tourist industry is composed mainly of small businesses. While there are some larger establishments, the greater percentage of restaurants and accommodation establishments are small. Many are, in fact, family enterprises. The brief goes on to point out that one of the major deterrents to improvement of tourist facilities is the lack of credit resources. The brief suggests that the tourist industry needs long term credit at reasonable rates of interest. With this suggestion, I am in complete accord.

However, with regard to a long term credit plan, I would point out that it would be preferable for this house to consider at just what point within the tourist industry as a whole, such credit plan would be needed. I have pointed out previously that in the province of Manitoba, the largest portion of the tourist dollar, 31 cents, is spent in retail stores. Surely, if any long term financing plan is needed for the tourist industry, it is most appropriate to consider the extension of such a plan to the independent retail merchant. Even before I was elected to office I had given a great deal of thought to the importance to our economy of the small retail merchant. There are many reasons for my interest in this field, but probably the main

influencing factor was that my father had his own retail business in the city of Winnipeg for a great many years. It was only natural that I became aware of his problems, and consequently the problems of the independent retail merchant in Winnipeg today.

As I have pointed out, the greater portion of the tourist dollar is spent in retail outlets. Therefore, I should like to consider this resolution as it affects retail outlets in the city of Winnipeg. It has been forecast that by this time next year there will be an additional $20 million investment in supermarkets operating in the city of Winnipeg. I have no quarrel with this, for the supermarket idea is beneficial to the housewife and to the community at large. This development shows an extreme faith in the future of the city of Winnipeg and the province of Manitoba. To emphasize the extent of this investment, I should like to read from part of an editorial in the Winnipeg *Tribune* of Thursday, July 24:

The $20 million investment planned here in the next year—

Mr. Speaker: Order. I ask the hon. member to consider whether he is not getting off the course of this debate if he gets into a discussion of supermarkets?

Mr. MacLean (Winnipeg North Centre): With great respect, I do not think I am. What I am trying to do is point out that if this long term financing plan should be applicable to the tourist industry, then the various places where the tourist dollar is spent should be considered. In the province of Manitoba, the largest portion of the tourist dollar is spent in retail outlets. I am trying, therefore, to make the point that perhaps this long term financing as set forth in the resolution should be extended to independent retail outlets. I am trying to make the point that the independent retail outlets need it.

Mr. Speaker: I am afraid it is rather remote from the subject under discussion.

Mr. MacLean (Winnipeg North Centre): Thank you, Mr. Speaker. Well, I shall not go ahead with the editorial. However, the point I should like to make, and I think it has been made, is that it is becoming increasingly more evident, and will be more so by this time next year in the city of Winnipeg, that the independent food retailer in Winnipeg has to be competitive with those in the corporate fields. As a matter of fact, in so far as this resolution is concerned, the retail merchants' association submitted a brief along very much the same lines as those incorporated in the resolution before us.

I make this point of the independent retail merchant only to point out to the members of the house for their consideration the importance of the independent retail merchant to the tourist industry and the fact that consideration of this resolution should not be confined to tourist resort operators only but should include retail merchants and retail outlets in all towns and cities across this country.

I could perhaps go further at this point and dwell on the great needs of small business and industry in Canada today, for some kind of long term financing is drastically needed. It is true that a tourist resort has singular characteristics such as seasonal operation and possibly a higher rate of depreciation. However, in the main, they are at present in the same position as nearly all small business across this country with regard to long term financing. This question has been discussed in this house on other occasions. The government is especially aware of this problem and is busy at the present moment setting up a small business section to consider these difficulties with a view to finding some solution.

As the Canadian tourist association stated in its brief, it welcomes the expressed intention of the government to take measures to alleviate the difficulties which operators of small enterprises encounter for the improvement and expansion of business. It might be possible,—and it is my hope that this possibility will eventually become a reality—with adequate legislation, to allow small business and industry to participate in the financial field in much the same way as do larger corporations.

In any event, I heartily approve of this resolution. The hon. member who proposed it is to be commended for bringing it to the attention of the house. However, I should certainly like to see the resolution broadened to bring in the independent retail merchants and other small business and industry throughout Canada. As I have already pointed out, the tourist in Manitoba spends the greater part of his dollar in the retail outlets, and I believe any consideration that might be given to the tourist resort operators with regard to long term financing and credit should be given to the independent retail merchants across this country.

This subject of long term financing, of course, is something that deserves diligent and careful scrutiny and study in order that some constructive suggestion could be offered to the tourist industry and small business right across this country. If I may do so at this point, I should like to say that I have been in the house all day and have been greatly interested in the remarks of the

various hon. members who have spoken on this resolution which is now before us. One in particular, namely the hon. member for Calgary South (Mr. Smith), referred to the fact that a recommendation has been made that the 1968 winter Olympics be held in the Calgary and Banff area. This would be the second occasion on which such games have been held in Canada. The hon. member for Calgary South brought this suggestion forward with the idea that perhaps the members of this house would support such a recommendation having regard to the boon it would be to the tourist industry in western Canada and Canada as a whole. I only hope that this event comes to pass for it is important not only to the tourist industry but to Canada's status as a nation. I heartily support the recommendation made by the hon. member for Calgary South.

The hon. member for Niagara Falls (Mr. Houck) spoke at great length of the beauty of Niagara Falls and quite rightly so, for it is one of Canada's great spectacles. But as the hon. member for Port Arthur (Mr. Fisher) pointed out, no mention was made of the fact that it was still a rendezvous for honeymooners. We in Manitoba have no Niagara falls but we have some of the world's best fishing, hunting and scenic resorts. We are quite prepared to welcome all the honeymoon couples to come and honeymoon in our province and enjoy our wonderful western hospitality.

The hon. member also remarked on the critical attitude of some Canadians towards Americans vacationing in this country. This is an attitude that must be dispelled at all costs. We in Manitoba—and I am sure this is true right across Canada for the majority of Canadians—welcome our friends from across the border who, we feel, should not be the object of such criticism.

I have not spoken at as great length as I might have spoken with regard to the advantages to be enjoyed by any tourist visiting the province of Manitoba. The hon. member for Brandon-Souris (Mr. Dinsdale) dwelt on some aspects of that matter this afternoon. All I should like to say is that our province has a great deal to offer anyone who is desirous of visiting us. On behalf of the city of Winnipeg and the province of Manitoba I am extremely pleased to invite the members of this house to pay us a visit at their convenience so that they may enjoy what we Manitobans consider to be the finest tourist attractions in Canada.

Mr. Speaker: Before any other hon. member takes the floor may I recall to the house the subject matter of our discussion. It relates to the lending of money for the purpose of making capital improvements to tourist accommodation. I expect a reasonable amount of oratory from each hon. member about the tourist attractions of his own constituency and undoubtedly that subject is related to the tourist industry. But I would urge hon. members not to engage in full length discussion of the beauties of the spot from which they come but to relate their remarks, if possible, to the capital improvements that are needed in the tourist industry and the loans that are required for that purpose.

Mr. Stuart Fleming (Okanagan-Revelstoke): Mr. Speaker, this debate which has been going on here today is as good evidence as you could find of the growing awareness there is in the country of the value of the tourist industry as it is and as it can be. The resolution submitted by the hon. member for Parry Sound-Muskoka (Mr. Aiken) is also an indication of the awareness of the necessity for the development of our facilities if we are to maintain the position that we now hold and certainly if we are to improve that situation in the country.

In recent years the tourist industry has become one of our major industries. It is an industry with a tremendous potential; but that potential will be realized only if the facilities to cater to the tourist trade are provided. As has been pointed out here today in many of the speeches, the tourist industry is largely in the hands of the independent or small businessman whose financial resources are limited and who, owing to a relatively short season, is unable to secure from the operations of his business the additional capital that is required for capital expenditures. Consequently, if the very people who will provide the means of expanding our tourist industry are going to be able to do so, they must have access to the money they require.

The resolution suggests that the federal government can make this money available through a system of extending credit. There has been a suggestion—and I think it is a reasonable one—that it is perhaps not entirely the responsibility of government to make this money available, that there are other channels or other sources by means of which funds could be made available to the tourist industry. I feel that we must not lose sight of the fact that the government has not unlimited credit and cannot meet every requirement of business and industry in Canada. Nevertheless, if there is in any industry a branch capable of a development that will return to government more than the cost of creating the necessary development in the industry, then probably there is a good case for federal government participation.

In that case I am inclined to disagree with the hon. member for Port Arthur who suggested that those who support this resolution

are endorsing socialism because by making credit facilities available and by loaning money secured as to repayment plus interest the government would not be giving anything away. It would simply be providing a facility which in its turn will ensure repayment with interest of these loans and this is something which is not necessarily true of socialist ventures.

There are in Canada many areas where there is a highly developed tourist industry including regions which are internationally as well as nationally famed for their beauty and recreational attractions which are perhaps developed as far as is possible. There are other areas which are only now becoming appreciated and it is only recently that people have realized what such areas have to offer to the tourist industry. These regions are being opened by the development of our highway system; the trans-Canada highway alone has provided access to regions which will I imagine in the years to come constitute some of the major tourist areas in Canada. This will only be so, however, if cash advances are available to people who wish to go into the areas and provide the facilities which must be provided. Many such regions are now virtually wilderness without even a gas pump. Everything will have to start from the bare ground and be built up.

A tremendous amount of capital investment will be necessary and, as has been pointed out during the course of this debate, such capital is not at present available to the small operator at a reasonable rate of interest or for a sufficiently lengthy period. Many of these areas are areas which produce primary products only, in most cases supporting only seasonal industries. They cannot support a secondary industry and consequently have but one source of revenue. In order to develop they will of course require further sources of revenue but it may be years before they can be developed to this point. With no factories or like facilities the people who live in such areas have inadequate income at this time but there is one point in their favour and that is that in many places their natural attractions give them a potentiality for development as popular tourist resorts.

The lack of year round industrial payrolls is of course a serious disadvantage but such sources of revenue might be provided by the development of the tourist industry which in turn would provide the funds required to create the necessary facilities with which to satisfy the travelling public. The whole potential of the tourist industry in Canada can be related to these areas which are only now beginning to be viewed with an understanding of what can be done by the careful expenditure of money and with adequate advertising. Such regions are not sufficiently prosperous to maintain a reasonable standard of living.

For instance, to particularize, there are regions in this country which are primarily farming areas growing seasonal crops and providing employment for perhaps six or eight months a year—some of them even less than that. There is an idea which has started to grow in recent years and which is not a new one—it is perhaps a very old idea but like so many old ideas is now being reconsidered with a fresh approach—that is the development of the farm vacation. No one will argue that in this country there does not exist the need for improving the level of farm incomes and any measure which could increase the income of our farm people will not only be of direct benefit to them but it will also be of benefit to the country as a whole. The farm vacation is only now beginning to be appreciated although that appreciation is limited to some extent to eastern Canada. It is, however, an idea which could spread although there are few farmers who have the necessary additional revenue required to create facilities necessary to cope with the tourist trade.

The idea of a farm vacation sounds very good and I have encountered people who have considered the idea and some have actually begun to develop their farms to provide such vacations. However, when they find out what is necessary in the way of accommodation and in order to meet the provincial health regulations and the demands of the modern travelling public they realize that the farm vacation today is not the same as it was 25 or 30 years ago. Farm incomes are not adequate to provide the facilities which people have come to expect and the farmers have sufficient difficulty in finding the capital they require to cover their ordinary expenditures so that if they are to develop the tourist trade they must have access to additional revenue on a long term basis and at reasonable rates of interest.

A further problem in Canada is the problem of providing employment during winter months. We have heard during the course of the debate that the tourist industry is in many cases a seasonal one, generally speaking, for perhaps four to five months of the year. The largest proportion of our tourist business is done during the summer months but there is no reason why we could not extend our facilities to include more highly

developed winter vacation programs thus providing a valuable source of winter employment. We have the climatic conditions necessary for every type of winter recreation. The Canadian people are in the habit of taking their holidays in the summer months because it is then that facilities are available to them and except in a relatively small part of the country little is done to provide facilities for winter vacations or recreation. There is at present very little encouragement for Canadians as a whole to take winter holidays and much should be done to provide the accommodation so that such vacations could be promoted.

Skiing facilities, sleighing facilities, ice for skating and all the other winter recreations that build up into a typical winter resort town are expensive, and the accommodation which will serve them is expensive. The cost of heating has to be very carefully considered; it has to be done on the most economical basis, and that usually means an expensive type of installation.

There are many regions which are multiple regions for recreation, and if these regions can be helped to extend their season and increase their opportunity for earning income by providing facilities that operate more nearly on a 12 months a year basis then we will have further strengthened the economy of many regions in Canada which now have only a limited or restricted economic basis, regions which will never realize their potential unless some means is found of establishing their economy on a 12 month year.

There is a further benefit. If Canadians find that winter recreational facilities are available to them, we can expect that more and more people will, over a period of time, choose to take winter vacations instead of jamming the greater proportion of Canadian vacations into the summer months, which in turn will mean that important employment opportunities in the winter will be available, at least on a temporary basis, to many thousands of people who will supply the places vacant in our factories, businesses and so on to replace vacationing employees. We will find out also that as we are not only interested in providing recreational opportunities for our own people but also for the benefit of foreign tourists, particularly for those people in the United States who come to Canada in search of something different, I am sure that just as Canadians head south for a winter in the sun, United States citizens would find considerable pleasure in the novelty of a winter in the north. But until we provide the kind of accommodation which they expect and which they are accustomed to finding at home, we will never get them.

It comes back to this; that if we are to realize our potential and if we are to develop this industry which is of proven value to the country we must find the means of aiding financially those who are engaged in the business and who want to grow in the business. The government can provide some of the necessary assistance through a program such as is suggested in this resolution. It is to be hoped that the provinces, realizing the value of the industry, will undertake similar programs. I would also express the hope that our regular channels of finance—the banks, the mortgage companies and financial houses—will take a fresh look at the tourist industry in Canada and realize that though at the present time it operates on a season of four or five months, with the proper kind of encouragement, capital addition and development the industry could function during a far longer season. The season could be at least doubled in many areas.

But this will never occur as long as we approach the problem timidly or without imagination. Therefore I feel that we in this house must consider this resolution with imagination and certainly not with timidity, and I hope the government will realize that there is a tremendous opportunity here, and that much can be done. Although there are limitations on the amount of money which the government can make available to any one sector of the economy, there is reason to believe that whatever is spent in this field will be returned to the coffers of the government many times over.

Mr. B. C. Thompson (Northumberland): Mr. Speaker, inasmuch as the tourist industry is a very important one in my riding, I am very pleased to support the resolution which has been proposed today by the hon. member for Parry Sound-Muskoka (Mr. Aiken).

In doing so I will abide by your observations, sir, and a proper interpretation of the rules of the house, and not speak at any length on the many beauties of my riding and the many attractions which are offered to tourists and travellers. However, I should like to say in passing without covering all my riding that the areas bordering the Trent canal, Presqu'ile provincial park and the district around Rice lake offer almost anything in the way of a tourist attraction that can be asked for by any vacationer.

The resolution which has been proposed asks for government assistance to tourist operators by way of loans for capital improvement, and I feel sure that any hon. member

who has a segment of the tourist industry in his riding will have been made aware of the difficulties of tourist operators in obtaining loans where necessary for improvement or an extension to their establishments. Long term loans, which seem to be the most necessary, are the ones most difficult to obtain. The banks seem to be reluctant to lend money to these people on a long term basis, although the fact that the industry has managed to survive for so long should be an argument in favour of loans being made available. I think a good case can be made out for the tourist industry in Canada and I should like to cover some of the points which I think support this contention.

The tourist industry in Canada has become the third largest industry. Probably not many of us realize that this is the situation, but over the years the industry has grown slowly and without much publicity until it has reached its present dimensions. The industry is national in scope. It extends from coast to coast, and every segment of the Canadian economy benefits from its achievements. Today, every one travels and takes vacations. In the past it was not possible for everyone to travel or take a vacation and this was perhaps a luxury of the well-to-do. In this day, however, vacations and travel are not restricted to one class of people but are taken advantage of by everyone.

Tourism is promoting trade for Canada and in assisting tourism we can help overcome the trade deficit which we have with the United States at the present time and which has been causing us so much concern.

I have in my hand a copy of a pamphlet published by the Canadian tourist association from which I should like to quote concerning Canada's present status in the tourist trade with the United States:

> Canada used to get the largest share of the money which United States residents spent visiting other countries, but that is no longer the case. Since 1953, Europe has attracted many more United States visitor dollars than Canada, even without counting the cost of transportation.
>
> Indeed, spending by United States travellers in all countries outside the United States has almost doubled since 1949. But during the same period, United States spending in Canada increased by only 23 per cent.
>
> Canada's overseas competitors for tourists have not only captured the increased business that we might have had, they have quadrupled their share of travel expenditures made by Canadians themselves.
>
> Spending by Canadians abroad has reached such a point that Canadians travelling in the United States and other countries took more than one-half billion dollars out of Canada, in 1957.

I believe a good case can be made out for promoting the Canadian tourist industry and therefore helping to overcome our adverse trade balance. Also, tourism is a means of promoting national unity, a means by which Canadians can get to know Canada better. I feel the Canadian people should be encouraged to travel across their country and to see the many beauty spots that can be found here at home.

Another feature of the tourist industry is that tourist income as an addition to the wealth of this country takes little if anything from our natural resources. The services which are provided by the tourist industry do not involve any costs for transportation. As I see it, the task of the tourist industry in Canada is twofold. In the first place, the industry wants to persuade Canadians to vacation in Canada and, in the second place, it wants to persuade others to vacation here. To my mind these objectives can be accomplished in two ways. The first is by advertising and the second is by providing enough of the best possible facilities for tourists.

In order to accomplish the latter objective capital is required for improvements and expansion. I am not going to go into any detail about the improvements that are required but certainly we all know that over the years tourist establishments have come to offer a great deal more by way of comfort and convenience than they did, let us say, 20 or 30 years ago. Providing this capital for improvements is an area in which the government can assist to promote the tourist industry of Canada.

Most of the governments at all levels in Canada at the present time are spending a great deal of money in advertising and attracting tourists to our country. It seems to me that money could be made to do even more than it does now by ensuring that no one in this country who is desirous of improving his establishment is unable to do so because of a lack of a source from which to borrow funds. If we place anyone who is desirous of improving his establishment in a position to borrow funds, in that way we are spending good money after good money.

In other countries assistance is given to tourist establishments. In the United States, for instance, under the small business administration provisions a hotel or resort operator can borrow up to $250,000 for renovating or refurnishing for a ten-year term at an interest rate of 5 or 6 per cent depending on the particular application. The United States has also made money available through the export-import bank for the developing of hotels and accommodation in foreign countries. Other countries including Belgium, Ireland, Norway, Great Britain and Switzerland give assistance to their tourist operators by way of various plans. The economic progress of a country is measured

by the impression that is made on the visitors to that country. In my view that impression is made in the places where the visitors stay when they are visiting the country. I am sure we all want to give a good impression of Canada to those who visit this country so they will return with their friends and have the faith in Canada we want them to have.

Having attempted to make out a case for the tourist industry and for the provision of loans to that industry by the government, let us consider just how this assistance might be given. In the first place it could be given by way of a government guaranteed loan similar to those available under the National Housing Act. Secondly, it could be given under the industrial development bank. The industrial development bank which was established in 1944 makes available loans to industrial enterprises. The preamble of the act which incorporated the industrial development bank reads as follows:

> Whereas it is desirable to establish an industrial development bank to promote the economic welfare of Canada by increasing the effectiveness of monetary action through ensuring the availability of credit to industrial enterprises which may reasonably be expected to prove successful if a high level of national income and employment is maintained, by supplementing the activities of other lenders and by providing capital assistance to industry with particular consideration to the financing problems of small enterprises—

Tourist operators do not come within the ambit or scope of this act at the present time but it seems to me that if the spirit and wording of this preamble are to be carried to their logical conclusion tourist operators could well be included within the ambit of this legislation. The interpretation section of the act defines industrial enterprise as follows:

> 2 (d) "industrial enterprise" means a business in which the manufacture, processing or refrigeration of goods, wares and merchandise or the building, alteration or repair of ships or vessels or the generating or distributing of electricity is carried on;—

That was the definition in 1944. In 1956 the definition was extended to take in even more business enterprises. I believe that this statute could be further extended to give some form of loan to our tourist industry and tourist operators. I hope the day is forthcoming when there will be set up in this country a small business agency in government to provide small business liaison with government and advice on assistance measures as announced and outlined in the speech from the throne. Possibly something will be forthcoming when that takes place. I think the measure proposed by the resolution could not help but be of benefit to the country. Benefiting the tourist industry, it is bound to benefit the country as a whole. Therefore I am very pleased to offer my support for the resolution proposed by the hon. member for Parry Sound-Muskoka.

Mr. H. M. Horner (Jasper-Edson): Mr. Speaker, I should like to take part in the debate and perhaps attack the problem from a little different angle. I think that the motion proposed by the hon. member for Parry Sound-Muskoka (Mr. Aiken) is very good but in my view it does not go far enough. Because tourism is such a great industry in Canada and can become much greater I think we have to do perhaps a little more than the resolution proposes.

To me the industry has four basic components. First of all, there is the basic resource, your beauty, your recreational facility, your developed resource. Second, there is the problem of transportation because no beautiful spot is of any value whatsoever if people cannot get there to look at it. I feel that the third component of the industry is advertising because again if people do not know the beauty is there they are not likely to go to see it. The fourth and primary component is accommodation of the tourist once he gets here, which is what we have been discussing. I submit that any one of the four can have some effect upon the capital required, the type of capital required and the length of time it may be required. Therefore I feel it would be of advantage to have a look at these four basic requirements to see if we can come up with any answers after we do so.

The first one is the basic resource. We in Canada are richly endowed. We have magnificent scenery from coast to coast, some of which has been set aside by previous governments in the form of national parks. I should like to say something about them later. Certainly we have an abundance of beautiful scenery from British Columbia to Newfoundland, anywhere you want to go. We also have an abundance of natural recreational facilities for fishing, hunting and skiing in every province of Canada. Then there are our developed resources of which we have a great many in Canada. We are in the process of finishing one of the greatest, the St. Lawrence seaway, and we are just starting on another, the South Saskatchewan dam. These will be great tourist attractions in the years to come and must be taken into consideration in any discussion of the Canadian tourist industry.

Other developed resources which we have and need more of are those developed for recreation. We need more and better golf courses right across the country. We need more and better fish hatcheries so that we can stock some of our depleted lakes. Then

we will have the actual resource there when we ask people to come and visit us. In nearly every community there is some resource and all that needs to be done is to advertise it and let other people know you have it. The people of Jasper-Edson feel we have been fairly well advertised by the presence of Jasper national park and we have a particular interest in the tourist industry.

The next natural component of the tourist industry which we should discuss is highways and means of transportation to our beauty spots and recreational facilities. I think highways are the most essential accommodation required for our tourists. We have to provide them with decent highways on which to travel. In that regard I should like to suggest that in my part of the country we are waiting anxiously for the completion of the Yellowhead highway. It will be the greatest boon to the tourist industry in northern Alberta since the inception of the province.

Looking at highways nationally, we are nearing the completion of our first trans-Canada highway. We in the west, especially in the northern part of the prairies, would like to see a start on a second trans-Canada highway. I think these highways are primarily for our tourist industry and not primarily for tourists from outside the country because we are tourists when we go to the next town to see what it is like. It is for this great mass of humanity on wheels that we have to have more and better national highways. That deals with the first two components of the tourist industry.

The third one is advertising. We have been spending a considerable amount of money on advertising but I do not feel we have been spending enough because any good business will tell you that there is a direct relationship between good advertising and the profits which accrue to the business. The more you can advertise the better the results will be. It has already been proven in the tourist industry that by a massive type of advertising the number of tourists going to any one particular area can be greatly increased.

Then we come to the question of accommodation, which is directly covered by the resolution. I support the resolution wholeheartedly, not on a socialistic basis, as the hon. member for Port Arthur (Mr. Fisher) has suggested, but rather from the point of view that the government, acting as a catalyst in the tourist industry, can stimulate it and make it grow.

Mr. Herridge: That is a nice explanation.

Mr. Drysdale: "Catalyst", not "capitalist".

[Mr. Horner (Jasper-Edson).]

Mr. Horner (Jasper-Edson): I should like to mention some of the particular problems tourist resort operators have in the national parks because here we have an additional factor over and above those encountered by tourist resort operators outside the parks. I may say that this is a very important matter because according to the statistics 75 per cent of the close to two million people who visited the province of Alberta in 1956 entered one of the three national parks. Therefore the whole administration of our national parks, the facilities provided and the operation of tourist resorts in the parks become very important. The tourist operators in the parks are at a disadvantage for the reason that they do not hold title to their land. They have leases which may vary anywhere from 10 years to a maximum of 21 years, but certainly you cannot get a long term loan when you only have a 10-year lease. Therefore these people are at a particular disadvantage. Yet they have a special responsibility in providing accommodation in these show places of Canada.

At a later date I should like to see the government tackle the serious problem of national parks administration, particularly with regard to the matter of townsites within our national parks. I feel very strongly that we must face up to the fact that we have to have townsites in these parks and therefore it is high time that we had some policy with regard to them and set up some sort of local government so that the people could have a say in what is going on in their own towns. Right now they do not.

They are probably the only people in Canada who have no local self-government. The park is administered by a superintendent, and the superintendent refers most things to Ottawa. People who have their affairs administered by someone who is 2,000 miles away may become angry very quickly over the suggestions and decisions meted out by mail or telephone. This will be a difficult problem in the development of our parks as tourist resorts, and as these parks are used more and more by people, not only from outside Canada but inside Canada, as the result of improved highways.

In so far as Canadians are concerned, these parks were set aside for our use. We would like to see better highways and better accommodation provided. If I may, for a few moments, go back over these points, I would say that these assets of the tourist industry seem to fall into the four categories to which I have referred. I should like to make the suggestion at this time that in view of the importance of the tourist industry the government should give consideration to the

establishment of a separate ministry to look after that industry. This ministry should have control over our national highways; over our national parks; over our Canadian travel bureau, and should have a branch which would look after not only the financing of these tourist resorts but also the education of operators in operation and maintenance according to certain standards. It would be, of course, through our national parks that the federal government would get jurisdiction in this regard. I feel such a proposal is worthy of study at the moment because, as I say, our national parks and our national highways are basically a part of this tourist industry. Of course, our Canadian travel bureau would fit into such a ministry, as well. I should like to repeat the suggestion to the government that they give consideration to the establisment of a new ministry, a ministry of tourism, which would look after our national parks, our national highways, and so on.

There is one other point I should like to make. I am in agreement with what the hon. member for Okanagan-Revelstoke (Mr. Fleming) said to the effect that an attempt might be made to make some of our tourist accommodation available on a year-round basis rather than on a seasonal basis. Naturally capital will be needed for such a change because it will cost quite a bit to provide that accommodation. We, in Jasper, are particularly interested in that aspect of the proposal because we have some of the best undeveloped skiing country that there is. We feel that government leadership in this regard would be worth while. I am in agreement with the suggestion made by the hon. member for Calgary South (Mr. Smith) with regard to the winter olympics in 1964. I have no quarrel with the suggestion, but I would suggest that the winter games be split between Banff and Jasper because by 1964 we hope to have our new road between Banff and Jasper open. I should like to urge upon the government once again that they give serious consideration to the immediate construction of the Yellowhead highway through Edmonton, Kamloops, to Vancouver.

(Translation):

Mr. J. Marcel Bourbonnais (Vaudreuil-Soulanges): Mr. Speaker, I take pleasure in congratulating the mover of this resolution requesting the government to consider the opportunity of introducing legislation that would authorize loans to tourist resort operators.

I believe that the tourist resorts in Canada are very well kept, and provide at present for the comfort of travellers. But there is always room for improvement. In fact, we have noticed that Americans, this year in particular, are not as numerous as usual in our country. We can therefore well ask ourselves why.

I think that the chief reason is that, in the United States, many of the tourist resorts are superior to ours. Therefore, if we want American tourists to bring to Canada the cash necessary for the development of our tourist industry, it is important that we improve our resorts. It is also important to encourage Canadians of all provinces, from the Atlantic to the Pacific, to visit their own country before going abroad.

It is always agreeable to travel when resorts offer at least a minimum of comfort. Unfortunately, we note that in several places, due to lack of capital, there is no modern accommodation. I think that a well-organized tourist industry would encourage Canadians to visit one another. This would promote national unity, much more than inflated speeches, especially those of the opposition.

There is no more positive way of learning and of getting to know one another than to travel. In this country we really need to know one another better. This country is huge and with the constant improvement in the road system, travel is getting easier all the time. It is possible to travel over considerable distances without a proportionate increase in costs. This means that if tourist facilities are improved, more and more Canadians will be encouraged to travel over greater distances, to visit their fellow-citizens who live far afield and to learn to know one another better.

We all know that the government has already loaned enormous sums to foreign countries. We have in fact lost several million dollars through those deals.

On the other hand if we look at the various steps taken by the government in order to lend money to Canadian farmers, as well as to Canadians in every walk of life, through Central Mortgage and Housing Corporation, we will have noted in this connection most happy results indeed.

Why then should we not enact a measure designed to assist all those people who at the present time operate tourist establishments so as to make it possible for them to improve their business? I feel I may say that the returns will be assured and that we will have no regrets on that score. To obtain good results, we need only place our confidence in our fellow Canadians. The past has demonstrated that fact and the future depends, to some extent, on the past.

Up to this time there has been some friction between the various groups who make up this Canadian nation of ours. These difficulties are disappearing gradually. I could even add that

for a year or so now they have hardly existed at all. We certainly have to agree and live in harmony throughout this country, and I think we now have here a bill that might establish such conditions.

I would feel remiss if I did not say a word about the province of Quebec, particularly after the bad publicity some people are gratuitously giving us. But if you consider the great number of tourists, American as well as Canadian, from the west and from the maritimes, who come and visit our province, you will easily realize that we can live on good terms with any Canadian from one end of the country to the other.

Therefore, it is obvious that our people in Quebec need a certain measure of encouragement in this field on the part of the national government to help improve their present position.

Vaudreuil-Soulanges, the riding I have the honour to represent is one of the most beautiful not only in the province of Quebec but in the whole of Canada. It is an ideal site for tourists. Thousands of them spend their holidays with us each year, more especially in order to visit a district dear to us, which unfortunately is doomed to disappear in the near future, that is to say the area of the Soulange canal. We need back there some industry to replace the one we are losing and the tourist industry would be well suited in this respect.

I therefore commend the mover of this motion. I also ask all my fellow members in this house to support the motion before us so we may soon benefit from its happy effects.

(Text):

Mr. W. M. Howe (Wellington-Huron): Mr. Speaker, at this hour of the evening, after practically a full day of debate on a question such as this, it is rather hard to make remarks that are not repetitious. However, I should like to take this opportunity to commend the hon. member for Parry Sound-Muskoka (Mr. Aiken) for introducing a resolution at this time to authorize the making of loans jointly with an approved lending institution to tourist resort operators for the purpose of constructing or making improvements to tourist accommodation.

I feel that this resolution is an extremely important one, first, because it has to do with an industry which, as so many hon. members today have indicated, ranks third in importance in bringing dollars into Canada. In fact, in that respect, I understand it ranks next to newsprint and wheat. Hence it is of great importance to the people of Canada and to our entire economy.

Second, I feel it is important because, in spite of the natural advantages we have in beautiful rivers and lakes, unexcelled bathing beaches, tremendous mountain ranges and an abundance of good hunting and fishing grounds, the combination of which make for natural tourist attractions all year round; in spite of all these things the tourist industry in Canada has not kept pace with the tourist industry in other countries.

A great many hon. members have extolled the beauty and the attractions to be found in their own ridings. Coming as I do from a riding in western Ontario, perhaps I do not have quite so many natural attractions of which to boast. However, in that connection, I should like to mention the work that has been done by the Grand river conservation commission in providing three lakes which today are attracting a tremendous number of tourists.

Mr. Speaker, there is one thing that it is rather hard to understand in looking back through the records of the last few years. Although the Department of Northern Affairs and National Resources has been spending a great deal of money in promoting this industry and expects to spend over $1.5 million in the coming year to advertise Canada through the media of newspapers, radio, television and magazines, it is hard to understand why there has been so little discussion in this house on this important industry. As I have indicated and as has been indicated by others, it ranks next to wheat in importance in bringing dollars into Canada. I do not want to belittle the position of our wheat industry but if half the time that has been taken up in this house in talking about wheat had been spent in talking about the tourist industry probably we would not be in the deficit position in that respect in which we are today.

There must be a reason why we are losing out in this industry, why more people are not coming to Canada and why more of our own people are travelling in other countries. I feel that this resolution gives us an opportunity to examine this entire question so that steps may be taken not only to attract tourists to Canada but to make their stay in Canada more pleasant and happy.

This resolution has to do with the provision of tourist accommodation. As the brief of the Canadian tourist association would indicate, some of our present tourist accommodation is many years old. The people who travel make comparisons; and if the cost is not as fair as it is elsewhere, the surroundings not as pleasant, the food not as tasty or not served in as bright and pleasant surroundings and if the accommodation lacks all the modern facilities for comfort and convenience, then in spite of our natural attractions the tourist may not return and

will not be an advertising medium through which more people will be attracted to Canada.

As one of the briefs presented would indicate, it is of no use to advertise if we cannot handle the customers. It is of no use to build up our plant if we are not prepared to take adequate steps to keep those customers. There are many media through which the tourist's stay and travel in Canada can be made more pleasant. I sometimes feel that our railroads could do more in helping to hold and to increase this very important industry. Too often we find, as in my part of the country, the railroad facilities taking the tourist to the lovely summer resorts on the shores of lake Huron and Georgian bay are uncomfortable and inadequate. Too often we find on busy week ends, when more people are travelling to these resorts, some of the oldest coaches that were ever made are pressed into service, coaches with hard seats and with no modern air-conditioning facilities, and tourists are compelled to use these coaches at the end of a long and tiresome journey. Certainly these conditions do not improve public relations as far as the tourist industry is concerned. No doubt there are many people who, in spite of the beauty of these resorts and the relaxation to be found there, prefer to go some place else rather than take these arduous train trips.

In the same connection, may I say that I sometimes wonder whether our provincial governments in their road-building programs give proper consideration to the fact that considerable inconvenience is caused to the tourist during the summer vacation period, and the heavy tourist season, by broken-up roads and rough, dusty detours.

Today, as figures indicate, more and more of our people from Canada are travelling abroad rather than investigating and enjoying the wonderful natural beauty that we have in Canada. In travelling abroad they will compare the accommodation provided. Does ours compare favourably with what they will find abroad? Is it as convenient and is it as comfortable? Through this resolution ways and means will be provided so that this accommodation in Canada may be improved and as indicated by the hon. member for Parry Sound-Muskoka (Mr. Aiken) and the hon. member for Northumberland (Mr. Thompson) there are indications of what is being done in this connection by means of providing loans in the United States. Many countries in the world appreciate the importance of the tourist industry and Professor L. Dudley Stamp of the London University, London, England, has this to say in a very interesting little bulletin put out by the Canadian tourist association:

> Tourism is the most important industry today without any exception whatever. It employs more people and has a larger turn-over of money than any other.

I feel Canada should do something concrete to assist this industry. We are living in a high cost economy; we have money or we have found money for our home builders, our farmers and our industrialists through the medium of government loans and the same principle holds good in respect of the tourist industry where the cost of modern accommodation has gone up by leaps and bounds and it is impossible for the small operator to provide the requirements.

Finally, I would again like to commend the member who, through the medium of this resolution has brought this matter to the attention of the government and I sincerely hope it will receive the consideration it deserves.

Mr. W. G. Beech (York South): Mr. Speaker, in rising to speak in support of this resolution I would like to say a word or two from the point of view of the travel agent. I do not think I will be called to order for speaking at great length about the tourist attractions of my riding because, although we have some buildings which might be worth seeing, we have not even a post office to show you, a fact which I have mentioned previously in this house. We do have, however, 120,000 people, each one of whom is a potential customer for the tourist operator, which should be of the greatest interest to those concerned.

Much has already been said about the importance of the tourist trade to our economy and if we are to correct the imbalance in this trade as it relates to that of other countries we will have to do everything possible to attract overseas tourists to Canada. To this end the operations of camp, motels, lodges, restaurants and all other establishments catering to the tourist industry must be equipped in order to provide the facilities obtainable in foreign countries. As it would benefit everyone I have no hesitation in supporting the making available of money at the going rate to enable these operators to equip their premises in a suitable manner. One of the immediate effects of lending such funds for this purpose would be that the lenders would be able to exercise some supervision over operations in order to safeguard their interests and the tourist business is a field in which we have been falling down despite the excellent work done by the Canadian tourist association and the various provincial travel departments.

Loans to Tourist Resort Operators

The travel agent constantly receives complaints from his clients about food, facilities, rates and even lack of courtesy in some of our tourist resorts and, as he depends on repeat business for his livelihood, the travel agent is not likely to send clients to places where they will be dissatisfied. At one time a client of mine was telling me about the meal situation in some of our resorts and he made the remark that when you go into some of these places you never know whether you are going to get a burnt offering or a bloody sacrifice. In some cases this is truly indicative of what happens.

It is only recently that in Canada the value of the travel agent has been recognized in the promotion of the tourist trade but we still have a long way to go before the same benefits now accruing to foreign travel as a result of his services will be available to the Canadian travel industry. In Canada there are many tourist resorts which favourably compare with any in the world and many thousands of dollars are spent annually on advertising these resorts through various media. Yet there is very little if any encouragement given to the travel agent by way of information concerning facilities, rates, reservations or commissions. Most of such agents make no charge for their services and depend upon commissions paid by the resort and the carriers in order to operate their businesses. People are now becoming aware of this fact and are going to the travel agent for advice when they consider where to go for their holidays. Needless to say they are being advised to go to places which provide the most profit for their agent and, as pointed out by the hon. member for Niagara Falls (Mr. Houck), the commissions paid by carriers for international travel are in a higher range than those paid for domestic travel. Even with respect to railways the European carriers pay commissions whereas no such commission on rail travel is paid in this country except in respect of the odd excursion, despite the fact that thousands of dollars are collected by the travel agents on behalf of the railways.

While there has been over the past few years a considerable increase in international travel there are still many thousands of our citizens who would prefer to spend their holidays in Canada. This is in some cases because these people have a "see Canada first" policy and in others because their means do not permit them to travel long distances, because their time is limited or because they prefer to spend their time at Canadian resorts. There are thousands who seek the advice of travel agents with respect to where they should spend their long week ends and there are many such places within easy reach which should be publicized and developed. No one can do this better than the travel agent if he is given the proper information with which to work. I can only speak with respect to the province of Ontario because that is the only province of which I have any knowledge, but the department of travel and publicity in Ontario issues periodical information concerning motels, lodges and resorts in various parts of the province. This is particularly valuable because many people have no idea where they should spend their holidays and it is very handy to be able to go to a travel agent and get this information.

Complaints have been received that commercial fishermen have been allowed to deplete the stocks of fish in areas which might better have been designated tourist areas and a very good example of this is in the Georgian bay area where millions of dollars have been lost in the tourist business because of the loss of the lake trout fishing. Much of this has been lost because of the depredations of the lamprey, but I think a great deal of it can be attributed to the fact that the commercial fishermen were allowed to work in there, and they certainly depleted those stocks. Another complaint is that in certain provinces the liquor laws are too stringent.

The hon. member for Niagara Falls mentioned the operators who used the United States flag as a come-on. There is another type of operator who has a big sign advertising gasoline for 39 cents a gallon. Underneath, in very much smaller type, is added the fraction "nine-tenths" so as to be scarcely visible until you reach the point where you have to buy gasoline. In my opinion this is a sharp practice. It does not enhance the prestige of the Canadian businessman, and all these things do not encourage tourists to return to our country.

The best advertisement we can get is a satisfied tourist who goes back and tells his friends what a fine time he had in Canada. Tourism should be developed in such a way as to encourage a repeat business. Since everyone benefits as the tourist trade prospers, it is the business of everyone to foster that development, including the operator for whose benefit this resolution is designed. I congratulate the hon. member for Parry Sound-Muskoka (Mr. Aiken) on having introduced this resolution, and on the manner in which he presented it, and I trust the government will give it favourable consideration.

(Translation):

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, there is possibly no greater source of wealth for a country than its tourist industry. That is why municipal and provincial governments should encourage that industry, and should also encourage the

citizens of this country to put money into the construction of motels, for instance, or other tourist facilities so as to ensure the future of the industry.

I congratulate the hon. member for Parry Sound-Muskoka (Mr. Aiken) for introducing this resolution, though I feel that it would have been just as simple to ask the Minister of Public Works (Mr. Green) to bring in amendments to the Central Mortgage and Housing Corporation Act so as to make it possible for the corporation to make loans for construction of hotels and motels, thereby promoting the development of the tourist industry throughout this country.

To my mind it would also be in order to call a federal-provincial conference on the subject in order to bring all the provincial governments into contact and make it possible for them to exchange ideas so as to implement a uniform policy throughout Canada. Not only would this be more effective in also attracting American tourists but it would attract visitors from other countries.

It is a recognized fact that the national economy of France has been maintained through its tourist industry.

Other countries, all but devoid of natural resources, have developed the tourist trade to such an extent that they have managed to put their natural economy in balance by attracting tourists in various ways.

I would also like the government to continue to develop national historic sites here and there throughout this country. I might point out in this connection that in recent months the Prime Minister (Mr. Diefenbaker) presided at the opening of Cartier-Brebeuf park in Quebec city thereby making the public aware of an important area of this country which up to now had remained unknown. This location has now become a nationally important site and is attracting tourists from one end of this country to the other.

I would also suggest to the hon. Minister of Northern Affairs and National Resources (Mr. Hamilton) to erect historic monuments here and there in order that the Canadians themselves may travel from coast to coast and visit those places which have witnessed the deeds of the greatest figures of our national history.

Several important events have taken place this year in our country. In fact, Quebec city is now commemorating the 350th anniversary of its foundation by Samuel de Champlain. British Columbia is commemorating its 100th anniversary. St. Boniface is celebrating the golden jubilee of its foundation. I am of the opinion that these events are bound to stimulate the influx of tourists, not to mention the fact that they will encourage Canadians themselves to visit their own country, while offering them the opportunity of better appreciating, understanding and knowing each other.

It is needless to remind you that the province of Quebec occupies perhaps the most important place from a tourist standpoint, in view of its particular character, history and monuments. Everybody admits that it has greatly developed its tourist industry.

The other provinces are also attaching growing importance to the tourist industry. That is why I believe that if, some day, the provinces should meet on a national level to discuss their tourist programs and exchange their views, this would contribute to stimulate the tourist industry, in other words it would be a service to our country.

Each year, Calgary has its stampede. Each year, in the Palais du Commerce, at Montreal, there is a national agricultural exhibition. Well, Mr. Speaker, the setting up of such organizations calls for much work and sacrifices on the part of those who devote themselves to such tasks. They thus contribute to enrich our country, while offering to tourists, American or others, the opportunity to visit Canada.

Mr. Speaker, a moment ago, I said that France had managed to balance her economy, thanks to the tourist industry. Well, we should pay particular attention to the tourist industry, because I am of the opinion that it is the most important in the country. Our country is young, yet of great historical interest, being the cradle of New France as well as of those people who came from abroad to found here a civilization.

I am sure that all right-thinking Canadians believe that governments, at every level, should invest more money to help private enterprise undertake the necessary construction works and development of facilities required by the tourist industry across the country, in order that foreigners coming to visit our country may be well accommodated and well fed, so that our Canadian tourist industry can maintain its reputation.

When, for instance, Canadians or Americans go to France, they say: "We are happy to go to Paris because there we eat well and we see some lovely landmarks". That, to my mind, is why the government must be encouraged to invest more capital in this great natural resource, the tourist industry.

That is why, Mr. Speaker, I commend the hon. member for introducing his resolution and I also would suggest, if possible, that provincial governments meet at least once a year at the national level, to study their

various points of view on the tourist industry, which I think is the most important in our country.

I shall conclude my remarks, Mr. Speaker, by saying that after the current session, hon. members from all parts of our country should start giving an example and visit Canada. Those from the west, for instance, could exchange visits with their representatives of central Canada and while giving leadership in this respect they would be able to know and to appreciate each other better.

I would encourage every hon. member of this house and all Canadians to visit my riding which is one of the richest from a geographic, economic and touristic point of view.

Indeed, you will find in my county the town of St. Lin, where our great autonomist, Sir Wilfrid Laurier was born, who would today sit in the ranks of the Conservative party if he were still living.

There is also the College of l'Assomption, where Sir Wilfrid Laurier was a pupil and, of course also the town of Joliette, on the banks of the Assomption river, which was founded by the Sieur Barthelemy de Joliette.

That is, Mr. Speaker, a very brief list of the touristic attractions in my riding.

There is also another place, the old manor of Mrs. McConville, where the late Lord Bennett spent a few days every year. These are resorts which deserve being known.

I therefore again urge all hon. members, as well as all Canadian citizens, to visit the riding of Joliette-L'Assomption-Montcalm which is really a jewel from a tourist's point of view.

We should always keep in mind that the tourist industry is one of the most important industries of our country. Every citizen, whoever he may be, has the civic responsibility to try and make his small community, his home town, his own Canadian country, more attractive.

I therefore want to commend the hon. member who moved the resolution and I am asking the government, whether municipal, provincial or federal, to consider whether it would be opportune to subsidize that kind of private enterprise, so as to give to our municipalities, our provinces and our country as a whole, incomparable attraction which would draw large numbers of tourists to our country where they would spend the amount of dollars necessary to our economy.

Mr. Theogene Ricard (St. Hyacinthe-Bagot): Mr. Speaker, although the riding of St. Hyacinthe-Bagot, and not St. Hyacinthe Baghdad, as it has once been called in this house, is not particularly known as a riding where the tourist industry is of prime importance, everyone would do well to visit it and specially the city of St. Hyacinthe which is rightly called St. Hyacinthe the fair one.

Mr. Speaker, even if this means repeating something that has already been said, I want to congratulate the hon. member for Parry Sound-Muskoka (Mr. Aiken) for his fine contribution in submitting this resolution to the house. His speech was clear, concise and intelligent, as well as realistic. This resolution deserves the serious consideration of all members of the house. I therefore ask hon. members, no matter where they sit in this house, to give full consideration to his resolution.

Everyone is aware of the fact that the tourist industry brings us each year millions of dollars. A large number of small villages which, for the rest of the year, are barely known, become real cities during the tourist season owing to the large number of tourists coming in. It follows, of course, that trade expands considerably in such communities and that farmers as well as tradesmen take advantage of it. Everybody knows, without a doubt, that the province of Quebec offers exceptional attractions for tourists. There is the old Quebec inside Quebec city, which is of particular interest to the tourist. I may say that each year thousands of American tourists go there for a visit.

We have also, as was mentioned by the hon. member for Kootenay West (Mr. Herridge) when he was speaking about his own riding, lakes by the thousands where fish is plentiful, where boating is practised on a large scale, and where the scenery is perhaps the main attraction for the tourists.

I therefore wish that this matter of tourist industry be seriously considered by the federal, provincial and municipal governments; I hope they will co-operate closely in order to develop this industry which brings us each year large sums of money.

It has become a common practice in the industry to grant workers and labourers longer and longer holidays, which allows them to put their spare time to good use, by improving their family's general knowledge through visits to these nationally important sites in their province or in the rest of the country.

It is therefore highly important to recognize the value of that industry, which is becoming one of the leading industries in this country, and to provide it with the assistance needed for its development.

For these reasons, Mr. Speaker, I feel that the resolution put forward by the hon. member for Parry Sound-Muskoka (Mr. Aiken)

would contribute to the development of this country. So, while reiterating once more what I have just said, I would ask all hon. members to support the proposal, as I intend doing myself.

(Text):

Mr. H. C. McQuillan (Comox-Alberni): Mr. Speaker, I see I have only time to say a very few words.

Some hon. Members: Question. Ten o'clock.

Mr. Speaker: Order. I think it is perhaps too late for the hon. member to commence.

Business of the House

BUSINESS OF THE HOUSE

Mr. Chevrier: Mr. Speaker, the business of the house having already been announced for tomorrow, I wonder if the house leader would indicate what the business will be on Wednesday?

Mr. Green: No, Mr. Speaker, I cannot do that. It will depend on what progress we make tomorrow.

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

Question

ANSWER TO QUESTION

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

CANADAIR COMPANY, ST. LAURENT, QUE.—CONTRACTS

Question No. 124—**Mr. Rouleau:**

1. Have any contracts been awarded to Canadair company, of St. Laurent, Quebec, since August 10, 1953?

2. If so, how many, what is the nature of each contract and what was the amount of each such contract?

Answer by: **Hon. Raymond O'Hurley (Minister of Defence Production):**

1. Yes.

2. (a) The Department of Defence Production has awarded 182 contracts, $10,000 or more, having a total value of $340,060,869.48, from August 10, 1953, to June 30, 1958. The nature and value of each contract are shown on the attached lists.

(b) The Department of Defence Production has awarded 375 contracts, under $10,000, having a total value of $503,493.05, from August 10, 1953, to June 10, 1957; and 91 contracts, under $10,000, having a total value of $107,875.46, from June 11, 1957, to June 30, 1958.

Unclassified Contracts for $10,000 or more Awarded to Canadair Limited, St. Laurent, P.Q., by the Department of Defence Production from August 10, 1953, to June 30, 1958.

Date of Contract	Item	Value (per latest amendment)
		$
Oct. 9, 1953	F-86 aircraft spares	1,734,306.85
Oct. 19, 1953	capital equipment to extend aircraft assembly line	165,341.00
May 26, 1954	security fencing and rearrangement of floodlighting	17,490.00
May 27, 1954	engineering and development of CP-107 (CL-28)	20,969,100.00
May 27, 1954	tooling for CP-107 (CL-28)	25,265,000.00
May 27, 1954	production of CP-107 (CL-28)	103,500,000.00
July 9, 1954	F-86 aircraft spares	1,986,659.51
Oct. 28, 1954	Velvet glove guided missile	10,437.11
Dec. 10, 1954	production of F-86E Mk. 6 aircraft	25,000,000.00
Mch. 31, 1955	field service representatives	254,800.00
Apr. 15, 1955	engineering, development and manufacture of suspension units	91,312.72
May 11, 1955	capital equipment for velvet glove project	235,271.98
July 6, 1955	manufacture, installation, instrumentation and testing of area rule modification on F-86 Mk.V aircraft	63,963.81
Aug. 23, 1955	production of T-33 airframes	13,776,400.00
Nov. 4, 1955	design and engineering of aircraft systems trainer for CP-107 (CL-28) aircraft	526,000.00
Nov. 4, 1955	design and development of ground handling equipment for CP-107 (CL-28) aircraft	100,000.00
Apr. 26, 1956	manufacture of aircraft systems trainer for CP-107 (CL-28) aircraft	1,200,000.00
May 7, 1956	technical representatives	268,500.00
June 15, 1956	design, engineering and production of light snow tractors	350,000.00
May 15, 1956	production of CP-107 (CL-28)	10,000,000.00
Feb. 14, 1957	vertical take-off and landing design study	30,000.00
Mch. 5, 1957	pre-production planning and engineering for Sparrow II missile	8,000,000.00
Mch. 5, 1957	tooling for Sparrow II missile	2,250,000.00
Mch. 29, 1957	tooling for Sparrow II simulated aerodynamic vehicles	52,781.00
Mch. 29, 1957	Sparrow II simulated aerodynamic vehicles	460,044.20
July 19, 1957	production of Sparrow II Mod. "D" missile	800,000.00
Oct. 23, 1957	license agreement for CP-107 (CL-28)	294,117.65
Nov. 13, 1957	design and development of Sparrow II ground handling equipment	99,572.00
Feb. 7, 1958	engineering assistance for ballistic missile defence studies	10,000.00
Mch. 7, 1958	component for flight simulator	58,300.00
May 29, 1958	engineering and analytical assistance for guided missile research and systems study programmes	50,000.00
Aug. 13, 1953	miscellaneous aircraft accessories	27,233.85
Nov. 26, 1953	Dakota airframe spares	258,124.42
Dec. 17, 1953	sling assemblies	170,046.22
Jan. 7, 1954	field service representatives	275,000.00
Jan. 8, 1954	preparation and production of technical publication for engine run-up units for F-86 aircraft	37,000.00
Feb. 11, 1954	repair, overhaul, etc., of T-33 mobile training unit	10,000.00
Feb. 11, 1954	repair, overhaul, etc., of T-33 aircraft in the United Kingdom and Europe	140,000.00
Feb. 15, 1954	miscellaneous aircraft spares and accessories (airborne)	61,550.23
Feb. 19, 1954	F-86 airframe spares	308,550.00
Feb. 24, 1954	T-33 airframe spares	854,645.00
Mch. 26, 1954	preparation and production of instrument accessory publication for T-33 aircraft	36,917.86
Apr. 5, 1954	capital equipment for repair, etc., of F-86 aircraft	165,341.00
Apr. 20, 1954	aircraft test equipment	16,753.00
Apr. 20, 1954	F-86E airframe spares	2,839,345.00

Question

Unclassified Contracts for $10,000 or more Awarded to Canadair Limited, St. Laurent, P.Q., by the Department of Defence Production from August 10, 1953, to June 30, 1958—*Continued*

Date of Contract	Item	Value (per latest amendment)
		$
May 11, 1954	modification kits for J-47 run-up unit	37,838.91
May 13, 1954	aircraft spares	16,736.34
June 8, 1954	technical publications	42,957.64
July 9, 1954	North Star airframe spares	75,315.65
July 15, 1954	aircraft ground handling equipment	16,418.73
Sept. 15, 1954	field service representatives	81,999.61
Sept. 30, 1954	technical training aids for F-86 aircraft	318,838.49
Oct. 7, 1954	F-86 aircraft general spares	12,182.05
Oct. 14, 1954	F-86 aircraft accessories	85,819.93
Oct. 29, 1954	Dakota airframe spares	85,662.09
Nov. 5, 1954	technical training aids for F-86 aircraft	83,716.19
Nov. 24, 1954	kits, data and spare parts for C-47 and C-54 aircraft	729,319.76
Dec. 13, 1954	aircraft accessories and electrical equipment	612,075.61
Jan. 3, 1955	aircraft ground handling stores	47,361.38
Jan. 3, 1955	aircraft ground handling stores	35,050.97
Jan. 3, 1955	T-33 Mk.3 airframe spares	1,212,639.63
Jan. 3, 1955	aircraft armament equipment	26,281.08
Jan. 20, 1955	aircraft instruments	37,934.82
Jan. 27, 1955	Dakota airframe spares	83,742.46
Feb. 1, 1955	reconditioning of T-33 Mk.1 aircraft	300,000.00
Feb. 8, 1955	ground handling equipment stores	55,823.22
Mar. 2, 1955	F-86 modification kits	200,000.00
Mar. 4, 1955	F-86 Mk.5 airframe spares	1,839,252.23
Mar. 25, 1955	F-86 Mk.6 aircraft spares	1,000,000.00
Mar. 29, 1955	T-33 airframe spares and special tools	320,000.00
Mar. 29, 1955	C-5 executive North Star airframe spares	65,000.00
Mar. 30, 1955	F-86 Mk.2 airframe spares	670,243.66
Mar. 31, 1955	North Star airframe spares	97,830.00
Mar. 31, 1955	F-86 Sabre airframe spares	650,000.00
Mar. 31, 1955	North Star airframe spares	31,350.12
Apr. 15, 1955	electrical actuator assemblies	18,008.15
May 19, 1955	F-86 spares	10,682.10
June 13, 1955	F-86 aircraft spares	979,519.46
July 7, 1955	technical publications for F-86 aircraft	351,660.65
July 18, 1955	F-86 airframe spares	465,000.00
Aug. 9, 1955	repair, overhaul, etc., of F-86 aircraft and spares	100,000.00
Aug. 10, 1955	aircraft accessories and electrical equipment	20,019.98
Aug. 19, 1955	spare parts and special tools for F-86 aircraft	13,441,283.84
Aug. 31, 1955	modification kits	11,102.65
Sept. 1, 1955	technical publications	2,320,000.00
Sept. 20, 1955	aircraft instruments and navigational equipment	14,189.01
Nov. 4, 1955	aircraft spares	19,158.26
Nov. 8, 1955	Dakota airframe spares	126,500.00
Nov. 22, 1955	T-33 modification kits	17,846.37
Nov. 29, 1955	T-33 Mk. 3 airframe spares	258,040.59
Dec. 5, 1955	spare parts for C-47, C-54 and C-117 aircraft	349,512.19
Dec. 6, 1955	miscellaneous aircraft accessories	75,317.02
Dec. 22, 1955	aircraft general hardware	11,943.05
Jan. 6, 1956	wiring harness	11,519.08
Jan. 19, 1956	F-86 Mks. 5 and 6 airframe spares	243,105.14
Feb. 15, 1956	F-86 Mk. 2 airframe spares	173,635.00
Feb. 16, 1956	miscellaneous aircraft accessories	44,953.85
Mch. 20, 1956	services of technical representatives	22,388.00
Mch. 20, 1956	aircraft modification kits	14,347.80
Mch. 26, 1956	construction of an extension to building	71,000.00
Mch. 27, 1956	F-86 airframe spares	100,000.00
Mch. 29, 1956	aircraft components	191,600.29
Apr. 17, 1956	spares for aircraft servicing equipment	17,278.53
Apr. 17, 1956	North Star airframe spares	32,970.80
Apr. 19, 1956	miscellaneous airframe spares	11,779.84
Apr. 20, 1956	aircraft electrical equipment	12,846.57
Apr. 25, 1956	technical services	36,630.00
May 11, 1956	repair, overhaul, etc., of F-86 airframes and airframe components	5,050,000.00
May 14, 1956	repair, overhaul and reduction to spares of T-33 airframes and airframe components	3,230,000.00
May 15, 1956	airframe spares for CL-28	5,373,773.50
May 22, 1956	field service representatives	130,000.00
May 23, 1956	repair and overhaul of F-86 and miscellaneous airframe spares	900,000.00
May 29, 1956	repairs, etc., to North Star airframe spares and components	2,120,000.00
May 30, 1956	repairs, etc., to aircraft mobile training unit	20,000.00
May 30, 1956	repairs, etc., to aircraft mobile training unit	10,000.00

Question

Unclassified Contracts for $10,000 or more Awarded to Canadair Limited, St. Laurent, P.Q., by the Department of Defence Production from August 10, 1953, to June 30, 1958—*Concluded*

Date of Contract	Item	Value (per latest amendment)
		$
May 31, 1956	miscellaneous aircraft spares	240,000.00
June 14, 1956	aircraft ground handling equipment	850,000.00
June 15, 1956	construction of a bridge at Cartierville airport	75,000.00
July 30, 1956	aircraft electrical equipment	54,491.84
Aug. 3, 1956	aircraft components	29,348.21
Aug. 3, 1956	aircraft electrical equipment	26,763.84
Aug. 9, 1956	aircraft spares, technical data, drawings and technical personnel for aircraft repairs, etc	1,700,000.00
Aug. 28, 1956	aircraft VuGraph transparencies	165,000.00
Sept. 10, 1956	CL-28 aircraft spares	713,007.49
Sept. 12, 1956	F-86 aircraft spares	285,000.00
Sept. 14, 1956	miscellaneous aircraft spares	40,717.66
Sept. 20, 1956	North Star airframe spares	10,000.00
Sept. 25, 1956	services of technical representatives	131,400.00
Sept. 27, 1956	revision of F-86 aircraft engineering orders	306,618.98
Oct. 9, 1956	T-33 airframe spares	198,000.00
Oct. 17, 1956	revision of aircraft engineering orders	186,222.90
Oct. 17, 1956	revision of aircraft engineering orders	100,000.00
Oct. 23, 1956	F-86 airframe spares	625,000.00
Oct. 24, 1956	Dakota airframe spares	179,802.00
Dec. 5, 1956	production of CC-106 (CL-44) aircraft	24,000,000.00
Dec. 10, 1956	T-33 airframe spares	50,000.00
Dec. 14, 1956	tooling for CC-106 (CL-44)	10,100,000.00
Dec. 17, 1956	aircraft electrical equipment	3,202,720.75
Dec. 18, 1956	engineering and development for production of CC-106 (CL-44) aircraft	8,500,000.00
Jan. 3, 1957	T-33 airframe spares and special tools	200,000.00
Jan. 15, 1957	North Star airframe spares	60,000.00
Feb. 4, 1957	Dakota airframe spares	69,637.64
Feb. 6, 1957	F-86 airframe spares	315,000.00
Feb. 12, 1957	repairs to CL-28 airframes and aircraft components	50,000.00
Feb. 18, 1957	aircraft armament equipment	24,719.75
Mch. 22, 1957	capital equipment for use in CP-107 (CL-28) aircraft	862,145.00
Mch. 28, 1957	repairs to aircraft system trainers	10,000.00
Mch. 29, 1957	F-86 airframe spares	325,146.00
Apr. 10, 1957	field service representatives	169,436.00
Apr. 23, 1957	Dakota airframe spares	80,000.00
May 2, 1957	F-86 airframe spares	750,000.00
May 15, 1957	revisions and/or re-issues to engineering orders	321,300.00
June 20, 1957	aircraft instrument spares	329,785.50
July 9, 1957	revisions or re-issues to engineering orders	95,000.00
Aug. 22, 1957	revisions or re-issues to engineering orders	240,000.00
Aug. 22, 1957	CP-107 (CL-28) airframe spares	100,000.00
Aug. 29, 1957	engineering study and development for aerial delivery of a light cargo carrier	21,010.55
Oct. 8, 1957	F-86 overhaul spares	276,200.00
Oct. 23, 1957	float fuel level valve	25,987.50
Nov. 4, 1957	aircraft spares	14,339.47
Nov. 14, 1957	aircraft modification kits	800,000.00
Nov. 18, 1957	T-33 airframe spares	320,995.50
Nov. 28, 1957	spares for airborne electronic equipment	318,568.80
Dec. 11, 1957	aircraft spares	15,698.54
Dec. 27, 1957	F-86 airframe spares	659,455.00
Jan. 15, 1957	Dakota exhaust collector rings	102,399.80
Feb. 6, 1957	CP-107 (CL-28) aircraft hose spares	10,560.00
Mch. 5, 1958	North Star airframe spares	15,816.70
Mch. 24, 1958	Dakota airframe spares	109,615.75
Apr. 1, 1958	Eland Convair 440 (CL-66) aircraft	10,000,000.00
Apr. 21, 1958	miscellaneous aircraft spares and accessories	120,000.00
May 9, 1958	repair, overhaul, etc., of North Star airframe spares	682,000.00
May 16, 1958	repair, overhaul, etc., of T-33 airframes and airframe components	733,000.00
May 21, 1958	airframe spares	10,134.80
May 22, 1958	repair, overhaul, etc., of F-86 airframe and airframe components	762,000.00
May 26, 1958	repair, overhaul, etc., of F-86 and miscellaneous airframe spares	451,000.00
June 3, 1958	T-33 Mk. 3 airframe spares	63,800.00
June 3, 1958	aircraft spares	260,093.03
June 11, 1958	field service representatives	96,000.00
June 16, 1958	F-86 aircraft spares	16,167.58
June 17, 1958	aircraft spares	11,653.25
June 24, 1958	aircraft spares	294,151.85

HOUSE OF COMMONS

Tuesday, July 29, 1958

The house met at 2.30 p.m.

MISCELLANEOUS PRIVATE BILLS

Sixth report of standing committee on miscellaneous private bills.—Mr. McCleave.

TRADE

UNITED KINGDOM—ABOLITION OF RESTRICTIONS ON IMPORTS OF INDUSTRIAL CHEMICALS

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, I should like to advise the house that the United Kingdom government has announced today its decision to abolish restrictions on imports of industrial chemicals from Canada and other dollar countries. This major new measure of relaxation is to take effect on August 18. These discriminatory restrictions have been an impediment to the development of our trade in this field for many years.

With only a few exceptions, all Canadian chemicals and allied products of a kind used industrially will now be completely free of import controls in the United Kingdom. They include a number of important chemical products with respect to which we have been seeking improved access to the United Kingdom market.

Total Canadian exports of industrial chemicals in this field amounted in 1957 to some $130 million, of which about 10 per cent went to the United Kingdom. With the removal of restrictions our producers and exporters will be in a position to compete freely in the United Kingdom without quantitative limitation, and we are hopeful that this may lead to a substantial increase in our chemical exports to Britain.

APPLES—NEW QUOTA ANNOUNCED BY UNITED KINGDOM

Hon. Gordon Churchill (Minister of Trade and Commerce): I should also like to take this opportunity to refer to the new quota arrangements announced recently by the United Kingdom for fresh apples, which should provide increased opportunities for sales of Canadian apples. The new apple quota which has been established on a weight basis amalgamates and replaces the former separate quotas for western Europe and certain other countries, and North America. The new combined quota provides for total imports during the year beginning July 1, 1958, of 1,500,000 long hundredweights of which 300,000 long hundredweights may be imported in the period July to December, 1958, and 1,200,000 long hundredweights in the period January to June, 1959.

I am sure we all welcome this response by the United Kingdom government to the representations we have been making to them. These new measures are a major contribution by the United Kingdom toward providing new opportunities for expanding trade between our two countries.

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, having reference directly to the information just given us by the Minister of Trade and Commerce, would he say whether or not these were unilateral concessions on the part of Great Britain? If not, what concessions did Canada give in return?

Mr. Churchill: Mr. Speaker, we have been carrying on discussions with the United Kingdom for a considerable length of time with regard to these two matters to which I have now drawn attention. The one with regard to chemicals obviously will apply throughout the world, because they are clearing the import controls in the United Kingdom. The apple quota again is open to all, and not solely to Canada.

[*Later:*]

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to direct a question to the Minister of Trade and Commerce. Unfortunately I was unavoidably detained for a few minutes, and I did not hear the minister's statement on the apple quota allocated to the North American continent. But in any event I want to ask him this question.

As, according to newspaper reports, the meeting of the international apple association commenced in Montreal yesterday, and in view of the fact that a common marketing plan for apples is being considered, would the minister inform the house if the appropriate officials of his department will be in attendance at this meeting?

Hon. Gordon Churchill (Acting Minister of Agriculture): Mr. Speaker, this question, of which the hon. member gave me notice, was

quite properly addressed to the Minister of Agriculture for whom I am substituting on this occasion.

The answer is that the meeting in question is being held by representatives of the apple industries of Canada and the United States. An officer of the Department of Agriculture is attending as an observer to obtain whatever information is available as to apple crop and market prospects, but he will not participate in decisions or recommendations, which are purely those of the industry representatives.

Mr. Herridge: I am glad to hear that, Mr. Speaker.

REPORTED ARRANGEMENTS FOR SHIPMENT OF STRATEGIC MATERIALS TO COMMUNIST COUNTRIES

On the orders of the day:

Mr. G. J. McIlraith (Ottawa West): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce. I regret that I was only able to give him notice a few moments before the opening of this sitting, so he might wish to treat the question as notice. My question is based on a press dispatch from Washington to the effect that Canada has presented for approval in Washington a number of export cases for shipment of strategic materials including sulphite pulp to communist countries. Can the minister tell us how many cases have been presented for approval, what products they cover and whether or not any approvals have been granted?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, I have not had an opportunity to examine this press dispatch, but I will have an answer for the hon. member tomorrow.

REPORTED REDUCTION BY U.K. IN PROHIBITED EXPORTS TO COMMUNIST COUNTRIES

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, may I ask the Minister of Trade and Commerce a question. Has his attention been called to a report in the press today to the effect that by unilateral action the government of Great Britain has reduced the list of goods prohibited for export to China, and does the Canadian government propose to take the same kind of action?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, that is another press report I have not seen, but I shall look into it and endeavour to have an answer for the hon. member tomorrow.

[Mr. Churchill.]

REPORTED PROPOSAL TO ABOLISH TARIFFS BETWEEN CANADA AND U.S.

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce arising out of an U.P.I. dispatch dated Washington, wherein it states that Senator Neuberger today proposed abolishing all tariffs between the United States and Canada on a five-year trial basis. I am wondering if the government has given any consideration at all to the advantages or disadvantages of a free trade area between Canada and the United States, and whether any negotiations are taking place at this time revolving around this very important proposal put forward by Senator Neuberger?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, I have not seen the full text of Senator Neuberger's statement; therefore my answer to the hon. member is that no action is being taken by the government at the present time.

Mr. Argue: I wonder if the minister could inform the house whether he or his department have considered in any way the implications of a free trade area between Canada and the United States? I would have thought some study would be going on in the department, even if merely on a routine basis.

Mr. Churchill: Mr. Speaker, the Department of Trade and Commerce is very active at all times in its efforts—and they have been successful—to stimulate trade between Canada and other countries. The particular subject mentioned by the hon. member and which has been mentioned by Senator Neuberger is not under study at the moment.

FISHERIES

SALTED COD—STATEMENT ON 1958 PRODUCTION AND MARKETING

On the orders of the day:

Hon. J. A. MacLean (Minister of Fisheries): Mr. Speaker, over the past several weeks a number of questions have been raised in this house concerning the 1958 production and marketing of salted cod. This product is of major significance to the economy and the fishermen of Newfoundland, Quebec and the maritime provinces.

Much of the concern expressed by members of this house and by all branches of the industry arose from reports that from 1,500 to 2,000 additional fishermen would be operating in Newfoundland this year. There was also fear that above average stocks of 1957 fish would be carried over into the new marketing year.

The whole question was reviewed by the fisheries prices support board here in Ottawa

on July 22 and July 23. The board found that considerable improvement had occurred in the statistical position from a marketing point of view. It is now estimated that the 1958 production, even under most favourable conditions for the balance of the fishing season, will not exceed that of 1957. Furthermore, stocks have been reduced to normal levels for this time of year.

In view of these developments and bearing in mind that production in most competing countries is not yet known, the board decided to adjourn its meeting and will meet again early in September in Halifax and St. John's. At that time the board should be in a position to make a recommendation to the government based on more complete facts.

While prices to fishermen have not yet been set for the 1958 production, the board feels that in view of the reduced supply position commercial market prices will be established at much better levels than were previously anticipated. I have asked the board to watch the situation very carefully, and I can assure the fishermen that their interests will be constantly borne in mind.

In so far as the marketing aspect of the problem is concerned, the position is much improved over what it was a few weeks ago.

EXTERNAL AFFAIRS

IRAQ—INQUIRY AS TO RECOGNITION OF NEW GOVERNMENT

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): I would like to ask the Secretary of State for External Affairs whether the government is giving consideration to recognition of the new government of Iraq.

Hon. Sidney E. Smith (Secretary of State for External Affairs): Mr. Speaker, in view of the fact that there is no mutual diplomatic representation between our country and Iraq, this is not a matter of urgent concern to Canada, but I can assure the Leader of the Opposition that the matter is under consideration.

[*Later:*]

Mr. Hazen Argue (Assiniboia): I wonder if the Secretary of State for External Affairs could tell the house what Canada's attitude has been toward seating a delegate to the United Nations from the new government of Iraq? Does the minister feel that a voice from the new government should be heard at the United Nations in the interests of clarifying the position taken by the new government with regard to the international crisis in the Middle East?

Inquiries of the Ministry

Mr. Smith (Hastings-Frontenac): That matter is under consideration now in New York by the delegates to the security council, and I give the same answer I gave before: the attitude of Canada in this respect is under consideration.

UNITED NATIONS

INTERNATIONAL MONETARY FUND—STATEMENT ON STEPS TAKEN TO INCREASE RESOURCES

On the orders of the day:

Hon. Sidney E. Smith (Secretary of State for External Affairs): Mr. Speaker, I desire to amplify an answer I gave to a question addressed to me by the Leader of the Opposition on Saturday last. The question asked was as follows:

> In view of the Prime Minister's statement last night calling for an increase of $3 billion in the resources of the international monetary fund and a very large increase in the lending capacity of the international bank, can the minister tell us whether the Canadian delegation to the economic and social council of the United Nations, which is currently meeting at Geneva, has been instructed to pursue these important objectives and, if so, with what result?

The interim answer which I gave on Saturday last was in part as follows:

> I am not clear that this is a matter for representation to the economic and social council. We are represented on the boards of the international bank and the monetary fund.

To this answer I would like to add the following statement. The annual reports of the monetary fund and of the world bank are considered by the economic and social council, as the hon. member knows. However, this item was on the agenda of the council at its 25th session in New York last spring, not at the current session. Normally, the affairs of these two bodies are not studied at the summer session, the meeting now under way in Geneva. In any event the membership of the economic and social council is such that no very useful purpose would be served by seeking to have these matters discussed in that forum.

It will, I think, be readily appreciated that the ideas put forward by the Prime Minister could more appropriately be explored in the first instance within the organizations involved, that is to say the international monetary fund and the international bank.

Canada is represented on the boards of those two organizations. Those meetings will be held in New Delhi beginning October 6.

Hon. L. B. Pearson (Leader of the Opposition): Is it, then, the intention of the government to press this very important initiative which the Prime Minister announced the other night at the next meeting of the boards of the two organizations in question?

Inquiries of the Ministry

Mr. Smith (Hastings-Frontenac): Instructions have not yet been formulated for the representatives of Canada at the meeting in New Delhi on October 6.

PENSIONS

CANADIAN NATIONAL RAILWAYS—INQUIRY AS TO INCREASE FOR RETIRED EMPLOYEES

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I address a question to the Minister of Transport. In view of the statement made yesterday by the Minister of Finance concerning certain increases to superannuated civil servants and others, I should like to ask if similar action will be taken with regard to the retired employees of the Canadian National Railways.

Hon. George H. Hees (Minister of Transport): Mr. Speaker, that matter is under consideration, but no immediate action is planned.

COMBINES INVESTIGATION ACT

SUGAR—REPORT ON INDUSTRY IN WESTERN CANADA

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I wish to address a question to the Minister of Justice. On Wednesday last I inquired as to the action being taken with respect to the possible prosecution of a sugar company in western Canada as the result of a report of the restrictive trade practices commission; and because my question was without notice the minister's answer at that time was somewhat incomplete. I wonder if he could complete his answer now?

Hon. E. D. Fulton (Minister of Justice): Yes, Mr. Speaker. I apologize for the delay in completing my answer, and I am now able to report that instructions were given to Mr. F. O. Meighen, Q.C., of Brandon, Manitoba, on July 10, and that he has accepted those instructions. His terms of reference were to proceed with a prosecution and an application for an order dissolving the merger, unless he should come to the conclusion, in the course of preparing for trial, that the evidence is not sufficient.

CANADIAN NATIONAL STEAMSHIPS

REPORTED SALE OF VESSELS TO PANAMANIAN COMPANY

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I direct a question to the Minister of Transport. Can he confirm or deny the report that the eight ships of the Canadian National Steamships have been sold to a Panamanian company, and whether or not two of his officers were in Panama to arrange for the transfer of the flag?

Hon. George H. Hees (Minister of Transport): I have no knowledge of any such sale, or any information about my officers being in Panama for such a purpose.

CANADIAN BROADCASTING CORPORATION

CHARLES LYNCH—APPEARANCES ON TELEVISION

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I should like to direct a question to the Minister of National Revenue in his role as spokesman in the house for the Canadian Broadcasting Corporation. The question relates to a story which appeared in the Ottawa *Citizen* on July 26 by Mr. Charles Lynch regarding question No. 92 on the order paper. Can the minister inform the house whether there are grounds for the implication contained in that story, to the effect that the writer has had fewer appearances on C.B.C. television as a result of the placing of this question on the order paper?

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, I cannot give any definite answer to that question. I received no notice of the hon. gentleman's intention to raise it. I may say, however, I am quite sure that the C.B.C., being an independent crown corporation, is not motivated in any way by questions which may be asked in the House of Commons, and I am convinced that Mr. Lynch has not been prejudiced because of any question which has been asked. I must say, however, having read the story in the *Citizen* the other day, that I wondered if I should not allow the question to reach No. 1 on the order paper in order to give full recognition to what I assumed was the facetious article written by Mr. Lynch the other day.

CANADIAN FARM LOAN ACT

AMENDMENT INCREASING AUTHORIZED CAPITAL TO $6 MILLION

Hon. Donald M. Fleming (Minister of Finance) moved that the house go into committee to consider Bill No. C-38, to amend the Canadian Farm Loan Act.

Motion agreed to and the house went into committee, Mr. Rea in the chair.

On clause 1—*Capital stock.*

Mr. Argue: Mr. Chairman, on clause 1, I wonder whether the minister would care to answer a question that has been discussed among farm organizations from time to time. As the minister knows, I was in Montreal last week and did not have a chance to attend meetings of the committee at which this question may or may not have been asked during the course of its deliberations.

There has been a feeling in farm organizations that the Canadian Farm Loan Act might lend itself to the administration of the Department of Agriculture perhaps more readily than it does to that of the Department of Finance. There are a great many people who feel that the knowledge of the agricultural industry which is possessed by persons attached to the Department of Agriculture would make the operation of this act more effective than under the Department of Finance, where, I am sure the minister will agree, there are not nearly as many people with a thorough knowledge of agriculture as there would be in the Department of Agriculture.

On an offhand basis it would seem to me a sensible suggestion. I do not wish the minister to take this as any criticism either of himself or of his department, but the minister well knows there are many instances when at times it is just a debatable point whether a particular act can be better administered by one department as compared with another. I wonder whether there is any intention to transfer this act to the Department of Agriculture?

Mr. Fleming (Eglinton): Mr. Chairman, when I spoke in the house at the resolution stage on July 16 I had this to say, which is to be found at page 2297 of *Hansard*:

> The government is keenly aware of the importance of agricultural credit and finance for the prosperity of our farming community. There are on the statute books three important acts which deal with the capital need of farmers, namely the Canadian Farm Loan Act; the Farm Improvement Loans Act which deals with intermediate credit, particularly for financing the purchase of farm equipment; and the Veterans' Land Act administered by my colleague the Minister of Veterans Affairs. At the present time the government is engaged in a comprehensive study and review of all three acts with a view to determining where enlargement of scope, expansion of function or improvement in the methods of operation may be required.

Now, questions as to administration will naturally be included within the scope of questions that are under consideration, but I should like to state that I think it can be said that under the Department of Finance—I am speaking only for the last year; I make no comment as to previous times—the Canadian farm loan board has given very sympathetic administration to the provisions of this act. But the question my hon. friend raises is obviously for consideration in the wider context of the three measures I referred to. Two are administered under the Department of Finance at the present time and the other under the Department of Veterans Affairs.

Mr. Argue: I wonder whether the minister would bring us up to date on the position the studies are now at regarding the plan of supervising agricultural credit, which relates to three avenues of credit. I am wondering whether any intensive study is being made toward providing supervised farm credit more in keeping with the activities of the Veterans' Land Act and bringing this act at a later date into such a plan.

The minister has said there has been a more lenient approach to farm credit to his knowledge as minister in charge of the present Canadian farm loan board. This is undoubtedly correct, but I do think the change took place following meetings of the banking and commerce committee back in 1956, and that this more lenient approach, for lack of a better term, was something that was started then. It has been accelerated in the meantime, and has come to the position now where the board looks more generously upon applications, so far as approval is concerned, than they did in the past. I would appreciate from the minister any information he can give on the progress of studies leading toward a supervised system of agricultural credit, perhaps along the lines of the well established credit system in the United States.

Mr. Fleming (Eglinton): I think any comment on my part in connection with that subject would be premature now. Suffice it to say that the whole subject of farm credit is under review, and that review will likely continue for some time yet.

Mr. Argue: Can the minister say whether or not some conclusion is expected within the next few months, and whether the government is going to move in this general field of farm credit now or at the next session? The minister knows his party has made a particular point of the importance of agricultural credit, and I think we would be all interested in learning whether the studies will have reached a point of offering the house certain recommendations for action at an early date?

Mr. Fleming (Eglinton): It is fully expected that the review will be completed before the next session.

(Translation):

Mr. Boulanger: Mr. Chairman, I would like to say a few words in connection with this bill and express two opinions: first that we are in favour of this legislation and, secondly, that it is not quite the farm credit act wanted by the people of this country. Amendment of our farm legislation is indeed necessary to meet the requirements of farmers, and particularly young people who want to settle on their own but have little or no capital to do so.

We realize that very many farmers' sons, really cut out for this work, are only waiting for a chance to set up a profitable farming business. Today they lack this opportunity, and that is why they quit the farm and seek jobs in the cities, where they sometimes swell the ranks of the unemployed.

Another group of people who need more capital are the farmers whose borrowing power is limited. They need more funds to improve their farming methods, to buy more equipment and to produce more efficiently.

All farm organizations in Canada have agreed to petition the government for improved, more up-to-date legislation. Several hon. members have made similar claims in the house. The government recognized those needs and, before the election, made various promises; however it seems that in the meantime, hon. ministers have lost their memory. Indeed, we just need to recall statements by the Minister of Agriculture (Mr. Harkness), more particularly to the effect that our farm credit legislation should be amended. He said among other things that this legislation should be modified in order to improve the farmer's position by allowing him to buy new land and to have better machinery. Moreover, he repeated those statements in every part of this country.

At a recent meeting of the agricultural committee, government members put forward a number of very well taken points, stating that the basis for farm appraisals was not generous enough and that the maximum amount of loans allowed was not sufficiently high as yet. I hope that these same hon. members will have the courage to rise today and to repeat those statements.

In the province of Quebec we look to an improvement in loan conditions, so that those farmers who do not pay homage to the Union Nationale may be allowed to borrow—

Some hon. Members: Oh, oh.

Mr. Boulanger: We know, Mr. Chairman, that the province of Quebec has an extremely generous farm credit act; unfortunately, it is of benefit only to people dominated by political organizations—

[Mr. Fleming (Eglinton).]

An hon. Member: Order!

Mr. Boulanger: At the risk of shocking certain hon. members I must say, in the light of what I have learned since I have been sitting in this house, that certain small farmers of my constituency were unable to obtain loans under provincial legislation because they refuse to kowtow to members of the Union Nationale.

Some hon. Members: Order!

Mr. Boulanger: Regulations governing the granting of loans in the province of Quebec are not really administered by the provincial farm credit board but by parish politicians and members of the Union Nationale.

As at December 31, 1956, the province of Quebec had made 51,204 loans—

The Chairman: Order! I am sorry to interrupt the hon. member, but he will admit that his remarks have nothing to do with the legislation under discussion. I would therefore ask him to be so kind as to keep to the provisions of the bill now before the house.

Mr. Chevrier: Mr. Chairman, may I draw your attention to the fact that when a bill is being considered, the debate on section one is of general interest, and the fact that the hon. member for Drummond-Arthabaska (Mr. Boulanger) is making general remarks, although of a political nature, is, in my estimation within the scope of the debate on this bill. I would ask you, Mr. Chairman, to kindly consider that aspect of the matter.

The Chairman: I respect the opinion expressed by the hon. member for Laurier (Mr. Chevrier), whose remarks are fairly well taken. However, I would ask the hon. member for Drummond-Arthabaska to stick as much as possible to the terms of the bill now under study, without entering into any details of provincial politics.

Mr. Boulanger: Mr. Chairman, I was just about to say that on December 31, 1956, under the provincial farm loan program, 51,204 loans, totalling 143 million dollars, have been granted. I am inclined to believe that those loans were made to help the farmers.

My reason for making those remarks is to let farmers know, who cannot now secure a loan from the province of Quebec, that they can do so under the Canadian Farm Loan Act, while abiding by the rules governing that legislation.

At this point, I should like to congratulate the employees of the Canadian Farm Loan Board whose impartial decisions have made it possible for all Canadians to benefit from this act.

Mr. Chairman, I should also like to draw the attention of the hon. Minister of Finance (Mr. Fleming), to the importance of introducing, as soon as possible, a further amendment to that act. I shall have the opportunity of outlining the views of the Liberal party and my own, when a certain resolution is introduced, which will be shortly, I hope.

(Text):

Mr. Gour: Mr. Chairman, I think I will speak in English in order to be better understood. I am much in favour of this resolution. I should like the amount to be more, because $120 million is not so much when it is a matter of lending money to all the farmers of this country.

There is one thing I am glad to note, namely that something may be done for the farmers who were promised so much during the 1957 campaign and the 1958 campaign. I am glad to find that something will be done before two years have passed. Up to now nothing has been done, except a little bit here and a little bit there that does not mean anything. I hope the loans under this act will be handled in somewhat the same way as loans are handled for housing purposes. As to the appraisers, they are very good men.

I am not in a position to comment on what was said by my colleague from Quebec. There are no politics in Ontario on the question of farm loans. The Ontario government has done enough bad things without that. Therefore we must give them credit. The Ontario government do not engage in politics in any way in that respect except that when they make a loan to the young people, they take only the cream of the young. Maybe a little bit of politics enters into the matter, but not enough to do any harm.

What we need in this country is a provision for farm loans up to at least 90 per cent of the appraised value. As the situation is at present in Ontario and part of Quebec —and I think the same is true to some extent in all parts of Canada—the appraiser appraises the buildings at nothing. He fixes the value at $8,000, and that is only on the house. If it were in a small village like my own or in a place like Eastview near Ottawa, that building would be worth $10,000, but it is on a farm and so the valuation is less. As for the big barn and the other buildings, they do not allow much; they just put on a small valuation.

Most of the appraisals are made by good, sound appraisers. But when the appraised value is only $8,000, and loans will be made up to only 60 per cent of the appraised value, therefore you could get a loan on 100 acres of $5,000 to $6,000. They cannot do anything with that when consideration is given to the cost of farm machinery and equipment, which is high. A good Liberal government introduced legislation providing loans for the purchase of machines and the repairs of buildings, but the Conservative government has done nothing up to now. The situation is worse now than it was before.

I shall be happy to see this bill passed as quickly as possible. I hope that my good friend the Minister of Agriculture will have a free hand to lend money through the Minister of Finance and through the cabinet, because right now the people need more credit than they ever needed it before. Machinery and things of that sort are very expensive.

As to the rate of interest it should not be a cent more than 4 per cent. If you want to help the farmer that is the only way to do it. Provision should also be made for loans up to at least 90 per cent of the first $10,000 of valuation. The rate of interest should be 4 per cent and repayment should be spread over 30 years, with the possibility of repaying at any time without notice. I will give full credit to the experts of the government, because we have good men in the federal Department of Agriculture, first class men, and we also have good men in the department of agriculture of Ontario. I am speaking for Ontario right now. We have good and clever people who carry on to the best of their ability.

What we need is the same thing we have for our veterans under the Veterans' Land Act. We need experts to go out to these farmers and tell them gently and quietly how best to carry on. Give a chance to these farmers to produce more. No doubt they will not say that because some are afraid of the vote, but for 50 per cent of the farmers I know, if they had these experts from the federal government and the provincial government they could be educated, if I may use that word. In French I will use another...

(Translation):

—helping those people to improve their farming methods, to take better care of their livestock, they would, I believe, increase their income by 50 to 100 per cent.

(Text):

I will not delay the bill. I should be more pleased if it provided for more, because after all we lend money to everybody. If there is a good place to lend money it is to those on the farm. If we do not keep our farmers prosperous the country will not be prosperous, and the government will go more deeply into debt. The more deeply the government goes into debt the greater the interest thereon and the less prosperity there will be. The thing to do is to help our farmers. By helping them prosperity will be maintained to some extent, even under a Tory government.

Mr. Fleming (Okanagan-Revelstoke): I should like to draw the attention of the minister to a weakness that appears to exist, not so much in the Canadian Farm Loan Act itself as in the interpretation or administration of the act in the field at the level where an applicant first makes his application for a loan.

On the basis of complaints that have arisen among the farm organizations in my riding it would appear that those who first receive these applications in the department tend to find existing debt a deterrent to a loan, without sufficiently taking into account the ability of the farmer applicant to repay principal and interest. It would appear that the first consideration in dealing with an application would be ability to repay, yet on the basis of the experience of people at least in my own riding there is a hesitation to consider an application where debt exists and a tendency not to give sufficient consideration to ability to repay.

In many cases a farmer seeks a loan for the purpose of consolidating debts, to transfer or exchange short-term debt for long-term debt at a rate of interest and over a period of time more within his capability of paying. But so long as that debt exists apparently there is a hesitation on the part of the officials in the field to consider a loan. I know of cases where farmers have been told that when they have cleaned up existing debt the farm loan board will consider their application; yet if they were in a position to clean up existing debt there would be no necessity for an application in the first place.

Consequently I feel that possibly the intention of the act is not being fulfilled if officials do not give first consideration to ability to repay and only in that regard consider an application, and not permit themselves to be put off consideration by the fact that debt exists. Many farmers over a period of time, particularly in recent years, have resorted to short-term borrowing at fairly high interest rates. The act provides them with the means of changing, but many of those who have sought to make the change have found that simply because of interpretation they have been unable to do so.

If that aspect of the administration of this act were given consideration, to see whether there is justification for perhaps a direction to officials to consider the aspect of repayment rather than the aspect of debt, a very great service may be done to many farmers without any change whatever in existing legislation.

Mr. Benidickson: Mr. Chairman, I did not speak on this bill on second reading. This was because I realized that it was going to committee, though to a committee of which I was not a member, and I was very pleased to hear the Minister of Finance say when he was explaining the bill that he attributed some of the accelerated lending and some of the present improved conditions to the very careful study which was given to this whole matter in 1956 by the banking and commerce committee.

Both the minister and I of course attended that committee. At the present time—and I do not quarrel with this—the discussion of the bill was before the agriculture and colonization committee, and it was not until noon that the second printed report of that committee became available to members. This makes it very difficult to keep up with the proceedings, but I did read with interest the first report of the committee, and I must say I was a little surprised that some of the members of the committee, who while they were on this side of the house had complained that there were a lot of inadequacies in the farm loan act, did not successfully recommend changes in the bill presently before us. I realize, however, that members were given some assurance that the general subject of agricultural credit is being carefully reviewed by the government.

I would like to point out, however, in view of the fact that such statements were made as long as a year ago, that this is an urgent problem and one which should be dealt with. I rather thought there would be more in the bill than simply a change of capitalization for the purpose of increasing the possible amount of borrowing from the government. I share the views of those who have spoken in that it is a fine thing to see additional credit facilities being developed, but I am sure the Minister of Finance himself would be the first to say that the actual extent of the rate of increase, either in the amount of new lending or the amount of the average loan, has been about the same between 1956

to 1957 and from 1957 to 1958. Those two years seem to be very comparable in regard to the percentage of increase over the previous year on both those counts, that is to say either the average amount of the loan or the total amount lent by the board.

We had some discussion about the possible rate of interest in the future when we were, I believe, at the resolution stage. The act says that the interest rate is not fixed under the act itself but is an interest rate which in the opinion of the board is sufficient to provide for the interest payable by the board to the minister's department plus the expenses of the board.

I noted that while one or two members of the committee advocated, as was also done in 1956, that this form of lending should be conducted at an interest rate which would involve a substantial subsidy from the taxpayers of the country, the Minister of Finance pointed out, as did the chairman of the board, that a very slight reduction in the present interest rate of 5 per cent would completely wipe out the surplus on the operations of the board. I believe the chairman of the board said that one-tenth of one per cent would be about the equivalent of the surplus for last year on the board's operations.

I am not going to criticize unduly the minister or anyone else but, while I was not a member of the committee, it did seem to me as I was reading the material we all receive that it was rather unfortunate that the actual printed report of the board was available or tabled in the house only a day or two after the committee on agriculture and colonization had concluded its sittings. I am not for one moment suggesting that the committee was denied any information, but I do suggest to the minister something to which I am sure he will give careful study, and that is that if the actual report is just about ready it would be so much more helpful if it could be made available to the house when legislation is in the resolution stage or on second reading, because of course there are a great number of members of the house who are not members of the committee which is going into the details of such matters, and I am sure that at this stage of the session it is the desire of all of us not to be unduly repetitious.

I notice that the present rate of administrative costs is at 1.22 per cent in relation to the total amount of loans. One can see that this does not give the board a great deal of margin over the cost of interest that seemingly now has to be paid by the government for its own borrowings. We know that on the conversion loan the government is prepared to pay on a 25-year term as much as 4½ per cent. The board, of course, gets its funds only from the government, and I presume the government makes available to the board funds either at the rate at which the government itself can borrow or something very close to that figure. I was wondering if the minister could indicate to the committee the rate of interest on the last borrowing from the government by the board, and the term of such borrowing.

We can immediately see that if it is costing the government 4½ per cent for a loan over a period of 25 years, and if it is costing the board 1.22 per cent of the amount it loans to others in respect of administration costs, there is nothing there to give us much confidence that the present 5 per cent interest rate will be maintained unless the policies of the board are different from those outlined in the statute —and I imagine they cannot be different from what is there outlined—or the remarks made by the minister himself in committee warning against something in the nature of a subsidy.

Mr. Rapp: Mr. Chairman, I rise to speak on this amendment to the farm loan act, and it is not my intention to cover what was said by the Minister of Finance when he introduced the amendment. I would, however, like to express my satisfaction and that of the people I have the honour to represent with respect to this amendment to the act and what it means to us. The change is long overdue, because since the bill was introduced some years ago conditions in our farm industry have considerably changed; methods of farming, the value of our farm lands, the price of our farm equipment and so on have all undergone changes.

By making it possible for the farm loan board to borrow another $40 million from the federal government it will mean that many more applicants will receive loans and, according to the chairman of the farm loan board, a greater demand for these loans in coming years is foreseen. At the present time there is a $15,000 limit upon the amount which a farmer can borrow from the board. Some are of the opinion that this amount is not large enough, and that it should be raised to $20,000. Others are of the opinion that it should be left at $15,000 because no farmer can borrow his way into prosperity, and because credit is not the cure for all our troubles.

However, I am confident that in due time this matter also will receive consideration by the government. I base this belief on what has happened here in the last few days. It is very significant that so many amendments have been introduced in the last few days to measures pertaining to agriculture. For instance, the Prairie Farm Assistance

Act was amended, with the result that many complaints will be removed; the Animal Contagious Diseases Act was amended also, and only recently the act making possible cash advances to farmers was amended to give a better service to our Canadian farmers.

All these changes are an indication that our government is alert and that it is very interested in removing some of the troubles we have had to face out in the west. We will, I am sure, be very interested in the working of this act when it has been passed into law. I am in favour of the amendment, and will give it my support.

Mr. Benidickson: Is the minister not going to answer some of the questions which have been raised in the committee?

Mr. Fleming (Eglinton): Mr. Speaker, the standing committee on agriculture held two meetings on this bill, which was sent to it by a decision of the house on July 16. Those two meetings were held on July 22 and July 24.

Three of the officials connected with farm credit came before the committee and testified there on all the points upon which the committee wished to examine them. Mr. F. L. Chester, the commissioner of the Canadian farm loan board, reviewed the operations of the board, and he was followed by Mr. J. F. Booth, chief of the economics division in the Department of Agriculture and Mr. A. H. Turner, principal economist of the economics division of the Department of Agriculture.

A number of suggestions were put forward by hon. members of that committee as to ways and means by which the scheme for providing farm credit might be, they considered, improved. Those suggestions, as well as any others which have been made in this house, will of course be duly studied and considered in the course of the current review of all legislation pertaining to agricultural credit and the administration thereof.

Turning specifically to some of the points which have been raised this afternoon, may I say to the hon. member my namesake from Okanagan-Revelstoke, when he urges that ability to repay should be taken into account in determining whether loans should be extended under the present act, that this is precisely what the board does. The board does take account of ability to repay. It is directed under the act, of course, to have regard to the value of the land within the terms of the act. Ability to repay is of course an essential ingredient at all times in determining whether a loan should be extended to an applicant.

[Mr. Rapp.]

(Translation):

The hon. member for Drummond-Arthabaska (Mr. Boulanger) will perhaps allow me to state that I do not claim this bill to be the key to all farm problems, to all farm credit problems, or that it contains the whole policy of the government in this respect; but I do say, Mr. Chairman, that this bill is urgently required, as I stated in this house on July 16, when I said:

> The best estimate at this time is that loan commitments by the board, unless the present measure is adopted, must cease by about August 15 and available money for commitments made will be exhausted by about October 31. There is therefore urgency in this present resolution, Mr. Chairman.

(Text):

Reference was made by the hon. member for Kenora-Rainy River to the extent of the business which is being done by the board. May I draw his attention to page 14 of the proceedings of the committee, where Mr. Chester, the commissioner, has put on record some figures which illustrate the tremendous increase in the volume of the business which is being done. I shall not attempt to read into the record all the statistics which Mr. Chester gave in that context, but perhaps I might place several of them before this committee of the whole.

Mr. Chester in this table was dealing with the number of loans approved, accepted by the borrowers and placed with solicitors for disbursement in the first three months of the year. In 1956, to go back no further, the number in those first three months was 407; in 1957 it was 653, and in 1958 it was 1,236. Hon. members might care to hear the amounts of money involved in the first three months of those years respectively. In 1956 it was $1,940,000; in 1957 it was $3,900,000, and in 1958, $8 million in round figures. There has been a tremendous increase in the business the board is doing. The size of the loans has been increasing as well as their number.

With regard to the cost of doing this business, Mr. Chester was asked as to the possibility of reducing the cost of transacting the board's business, and he pointed out that the cost of doing business has not been increased within the past year or so despite the substantial increase in the volume of the board's business. He was asked as to the possibility of a reduction in the rate of interest and his answer, as reported at page 22, was that if you only lowered it by the amount of the board's surplus earnings you would not be lowering it by as much as one-tenth of one per cent.

The scheme under which the board operates is this. The board borrows its money from the Minister of Finance. The Minister of Finance is authorized to extend loans to the board of up to 20 times the board's authorized capital, and the minister is directed to extend those loans to the board at the current rates of interest. The hon. member for Kenora-Rainy River asked about the interest charged on the last loan by the government to the board. It was 4 per cent.

Mr. Benidickson: How long a term?

Mr. Fleming (Eglinton): It was some months back—

Mr. Benidickson: I meant, how long was the term of the loan?

Mr. Fleming (Eglinton): I am afraid I will have to get that information and give it to the hon. gentleman another time. But, Mr. Chairman, the board has to operate and pay all its expenses of doing business on a margin of 1 per cent. It now borrows at 4 per cent and lends at 5 per cent. That is the position at the present time.

With respect to the matter of interest rates, I may say that shortly after I became Minister of Finance the board felt it was being very severely squeezed between the rate of interest it had to pay and the rate of interest it was being permitted to charge, and felt that some increase in the rate charged by the board to farm borrowers was going to be necessary unless the board was to go into the red, but I declined to give approval to any such increase.

The hon. member for Assiniboia asked me on a previous occasion if I expected there would be any increase in the interest rates. At that time I said no, and that remains my opinion.

I believe I have reviewed the points that have been raised in the course of this discussion. This measure is urgently necessary in order that the board may be able to carry on its lending operations, for otherwise the funds at its disposal within the permissible terms of borrowing and relending will be exhausted about the middle of August.

I may add that I am now in a position to answer the question raised by the hon. member for Kenora-Rainy River. The term of borrowings is 25 years.

Mr. Benidickson: And what did you say was the date of the last loan?

Mr. Fleming (Eglinton): I did not say.

Mr. Benidickson: Do you recall?

Mr. Fleming (Eglinton): No.

Mr. Benidickson: I was, of course, simply going to point out again that you yourself are obliged to pay 4½ per cent for money from the public for a 25-year term, and section 7 (e) of the act seems to be mandatory on the part of the board that they must at least break even or attempt to do so. This just raises some concern on my part. You are not proposing to amend this section, and I just wondered how with a cost of 1.22 per cent for administration the board could carry out the instructions of this statute and still be consistent with the minister's statement that interest rates to borrowers from the board are not likely to rise beyond the present 5 per cent.

Mr. Brooks: Does the hon. member suggest that it should be increased?

Mr. Pearson: You have done that.

Mr. Pickersgill: There was no suggestion of that from this side of the house.

Mr. Argue: Mr. Chairman, I wonder if the minister could inform the committee about the cost to the board of doing business. He may have already informed the committee, but I missed the point.

Mr. Fleming (Eglinton): It is 1.22 per cent. That figure was placed on record in the committee and referred to by the hon. member for Kenora-Rainy River.

Mr. Argue: So on the basis of the board obtaining money at 4 per cent and lending it at 5 per cent, if there were no other factors the board would be incurring a net loss. With this net loss, at least on this particular amount of capital being made available to the board, is the minister still prepared to assure the committee there will be no increase in the 5 per cent being charged by the board?

Mr. Fleming (Eglinton): I cannot foresee the course of interest rates for all time to come, but I did give my hon. friend an answer on that point as applied to the situation in which we find ourselves today, and I remain of that opinion. I reaffirmed the determination I have expressed in that regard. I do not know whether my hon. friend followed what I said a moment ago, but the matter of the narrow spread was a matter that did give concern to the board. Soon after I became Minister of Finance the board approached me and expressed its concern on this point. The board felt they were headed for a deficit unless the rate which they were permitted to charge borrowers was increased, but I declined to approve any increase.

Mr. Argue: I thank the minister for his statement; I think it will be well received. On the basis of the minister's own record and that of the Conservative party the minister is being consistent, because no one has fought

harder against the so-called tight money policy and the policy of increasing interest rates than the minister himself. It would seem to me, however, that without any other additional facts the refunding procedure in which the government is now engaged is strengthening interest rates very substantially, and will make it more difficult for the minister to maintain his position that the 5 per cent rate will not be increased, unless he is prepared to see the Canadian farm loan board incur a deficit and pay the deficit out of the national treasury. But in spite of the fact that one aspect of the minister's policy seems to be working against the other aspect of it, we are all for keeping interest rates down.

Mr. Fleming (Eglinton): Mr. Chairman, there will be a proper time for discussion of interest rates in connection with the Canada conversion loan of 1958. I do not share some of the views expressed by my hon. friend in that respect, but there will be a proper opportunity provided at which to discuss that subject.

Mr. Benidickson: Mr. Chairman, am I right in my recollection that in the past the board has been provided with up to $4 million of capital funds from the taxpayers of Canada, and that to date no dividends have ever been paid on that sum? As I recall it the government has to borrow the money it gives to the board, but so far the government has received no return on that sum. Is that still the situation?

Mr. Fleming (Eglinton): That is my understanding, Mr. Chairman. Under the provisions of the act the government has extended $4 million to the board, which is the board's authorized capital, and the act bases the board's power to borrow from the minister and relend to those qualifying under the act in terms of 20 times the authorized capital of the board. The purpose of this measure is to increase the authorized capital from $4 million to $6 million, and consequently the borrowing and relending power of the board from $80 million to $120 million.

Mr. Benidickson: The board does pay interest on its borrowings but not on its capital?

Mr. Fleming (Eglinton): Yes.

Mr. Herridge: Just before the title carries. Mr. Chairman, I cannot resist an observation. I have had very little to say with respect to this act today because I intend to make my remarks concerning farm credit suitable to meet Canadian conditions under the appropriate item in the estimates of the Minister of Agriculture. But I was interested in the explanation of the Minister of Finance as to the attitude of the board itself toward a possible deficit position owing to the present rate of interest being charged. I was very interested to note that even the minister is more tenderhearted than the board in that respect. His position fully affirms the opinion of this group and of farm organizations in Canada that the Canadian farm loan board is run on straight, hardheaded, businesslike and mortgage company principles, and it definitely supports our point of view that the legislation does not meet the requirements of Canadian farmers today.

Mr. Fleming (Eglinton): Mr. Chairman, my hon. friend is usually very fair in his observations, but the remark he just made concerning the board and its attitude is, I think, not fair. The board was simply doing its duty in bringing to the attention of the Minister of Finance the fact that with the cost of operations, the cost of borrowing, and the rate at which the board was permitted to relend, the board was, it felt, headed for a deficit position. The board brought that fact to the attention of the minister as it was its function to do. That should not be a matter of reproach to the board.

Since the amendments that came into effect in 1956 and which have been referred to this afternoon by the hon. member for Assiniboia and the hon. member for Kenora-Rainy River, the board has found the provisions of this act much more useful and the administration has been much more sympathetic. I do not think the impression should be left in the minds of hon. members of this house that this board has taken an unsympathetic attitude toward its responsibilities under the act, or that it has taken a hard attitude.

During the 13 months in which I have been dealing with the board in my present capacity I have found no evidence to warrant that assertion. On the contrary I believe the board is trying, within the limits set by parliament in the act, to give sympathetic administration to the legislation. Fortunately the amendments of 1956, which had the support of all parties in this house, have enabled the board to give an administration which has had the effect of making the act much more useful in meeting the needs that parliament envisaged in enacting the measure in the first place, and providing for its extension by amendments in succeeding years.

Mr. Herridge: I was not wishing to reflect upon the individuals composing the board, but I just gave it more as an indication that the board was giving effect to what it considered to be policies of the government under which it has had to operate, past and present.

Mr. Fleming (Eglinton): I wish to leave this ray of hope with hon. members; that naturally if the volume of business of the board tends to increase, particularly with this additional provision that parliament is being asked to make now, it may be that the cost of the board's operations as a percentage of its turnover will be somewhat reduced. That is our hope. The board has 1 per cent to work on. Naturally if its turnover is larger there is going to be, we hope, more business over which to spread certain factors in the cost of doing business.

Mr. Benidickson: I am very glad the minister made those comments with respect to the board, because I just wanted to point out to the hon. member for Kootenay West that no matter what harshness he may say there is with respect to rates, it is not a decision to be made by the board. Parliament has said that the interest rate must be a rate that, in the opinion of the board, is sufficient to provide for the interest payable to the minister and the expenses of the board, including reasonable provision for reserves against losses. I am not quarrelling with the minister. I quite appreciate that the only way out of this riddle at the moment would be a substantial increase in the volume of lending—if it is safe lending. It is possible increased volume of lending would not increase proportionately the administrative expenses; but in view of the statute and the fact that the minister is not proposing to amend it, I just wonder by what right he tells the board that they can ignore this statute.

Mr. Fleming (Eglinton): Well, I told the board that I was not prepared to support any increase in the lending rate of interest to applicants for farm loans.

Mr. Benidickson: Did the minister indicate to the board for how long he was taking that responsibility notwithstanding what parliament had told the board to do?

Mr. Fleming (Eglinton): As I said a moment ago, I cannot foresee the future concerning interest rates; but in the circumstances then existing and in the circumstances existing now that is the position I have taken.

Mr. Benidickson: The minister, of course, referred to the 1 per cent spread between the cost of borrowing by the board from the government at 4 per cent and the amount charged by the board to farmers at 5 per cent, but I point out to him that that last borrowing antedates by probably some period of time the actual present borrowings of the government itself on a 25-year period, where the rate has risen to 4½ per cent.

Mr. Fleming (Eglinton): No, no; there has been no borrowing of new money in the market at the figure my hon. friend mentioned and the rate charged by the government, as he well knows from his experience in the Department of Finance in earlier years, is established every six months. The rate charged on the loans by the government to crown corporations is established in the light of prevailing market rates on moneys borrowed by the government at similar maturity plus one-eighth of one per cent, and this present rate of 4 per cent is the rate that was set for the six months ending September 30.

Mr. Benidickson: Surely my hon. friend has not agreed to borrow money at present from the public or convert bonds at the present time at a rate any higher than he feels is the proper and necessary rate that he has to pay, and the current rate is surely 4½ per cent because that is the rate he will pay on a 25-year term on the conversion loan.

Mr. Fleming (Eglinton): Mr. Chairman, as I said earlier, this is not a debate on the Canadian conversion loan. There will be a proper time to discuss that to the extent that is desired by any hon. member. But my hon. friend talks about borrowing. The fact is that the conversion loan is not a borrowing of new money at all; it is simply the conversion of existing obligations into obligations of a later maturity.

(Translation):

Mr. Boulanger: Could the Minister of Finance tell us what was the net income of the Farm Loan Board for the financial year ended March 31, 1958?

(Text):

Can the minister tell us what was the net income of the farm loan board for the year ended March 31, 1958?

Mr. Fleming (Eglinton): I will get that figure for my hon. friend and give it to him.

Mr. Boulanger: I see by the 1957 report that there were net earnings of $218,755. I am wondering whether a reduction of 1 per cent in the interest rate would be something that we could absorb out of this profit.

Mr. Fleming (Eglinton): Mr. Chairman, I referred earlier to the answer given by Mr. Chester before the committee concerning what would happen if the board's surplus were applied to a reduction in the interest rate. At page 22 of the proceedings and evidence of the committee Mr. Chester's answer reads as follows:

> If you only lowered it by the amount of our surplus earnings you would not be lowering it one-tenth of one per cent.

He was referring to the interest rate to borrowers.

Mr. Boulanger: My question has to do with income tax of $40,000. I presume it would mean one half of one per cent on $218,755.

Mr. Fleming (Eglinton): Oh, no. I have not worked the figure out but it would be a very small fraction indeed. I think one would be obliged to say it would be only a very tiny fraction, an insignificant fraction.

Mr. Benidickson: Mr. Chairman, I was wondering whether the minister, in advancing this amending bill in the house had given consideration to the position the board is in. It is their opinion that parliament is relying on and I wonder whether he gave consideration to taking over from the board this matter of opinion and taking it on himself, if he feels that even increased lending, contrary apparently to the opinion expressed by the board to the minister, might not rectify this situation. Did he not give consideration to taking that responsibility and recommending to parliament that the interest rate be as in the opinion of the minister instead of in the opinion of the board, if the opinion of the board is to be avoided?

Mr. Fleming (Eglinton): Mr. Chairman, the government has taken the responsibility of submitting this legislation to parliament without proposing any increase in the interest rate to borrowers.

Mr. Argue: Can the minister tell us whether the report of the board for the year ended March 31, 1958, is available?

Mr. Fleming (Eglinton): If it is not it will be shortly. When Mr. Chester was before the committee a week ago we operated with the report for the year ended March 31, 1957, and Mr. Chester gave information to supplement that report with respect to the fiscal year that ended March 31, 1958.

Mr. Argue: Will the minister answer this question. Does the minister know whether the board in its operation has, by means of a soil map, an economic survey map or some other means, stated that certain substantial areas of land in a given province will not be eligible for loans, or that farmers living within that area will not be eligible for loans?

Before the minister answers the question I want to tell him that in my experience in years gone by the board has just said, "Well, such and such a district is a high risk area, and applications coming in from that area will be turned down".

I think that such a decision could be justified on the economic return from grain. But these areas that I have in mind are areas where the production of livestock is a very important industry, and if the returns to the farmer on that kind of land were considered, I think the farmer in that area should be eligible for a loan.

My question is this. Is every single loan considered on its merits or does the board say certain general areas are of such high risk that the experience in the past has not been such as to warrant the granting of any loans, no matter what the individual circumstances of the farmer may be?

Mr. Fleming (Eglinton): There is no such thing as a general exclusion. Naturally there are farms so located that their value for borrowing purposes is greater than others. But the policy of the board is to consider every application on its merits, having regard to all the circumstances that bear upon the application, including the capacity of the individual himself as a farmer, his record in the matter of credit and repayment and the type of land.

I may draw the attention of my hon. friend to page 21 of the proceedings of the committee where the hon. member for Acadia was asking Mr. Chester the following questions:

Mr. Horner (Acadia): I have a question in respect of the purchase of farm land. Is it strictly grass or grazing land?

Mr. Chester: Any land.

Mr. Horner (Acadia): Does it have to be cultivated?

Mr. Chester: No.

I am informed, Mr. Chairman, that the report of the farm loan board for the year ended March 31, 1958 has now been tabled.

I can assure my hon. friend there is no such thing as the exclusion of farm lands from the benefits of the act.

Mr. Benidickson: I have been reading this act further. Does the minister not think that he is telling the board to disregard what is laid down for the board if, in their opinion, they are doing something contrary to what parliament directed them to do? I can appreciate that he might say that if he were anticipating introducing an amendment to the bill in this session. He might state, "I am going to recommend to parliament a change in what parliament has determined and we, as a government, will take responsibility for operating on a deficit, if necessary, for public policy until the act is amended. But is there some section that I have overlooked that says that notwithstanding this obligation on the part of the board with respect to their conscientious exercise of opinion the minister can override them and tell them to disregard parliament?

Mr. Fleming (Eglinton): This government will never be a party to any course that involves overriding parliament; I can assure my hon. friend of that. In this case, the board

did its duty in drawing attention, under the circumstances that existed when we came into office a year ago, to the fact that at that time it looked as though the board, if conditions continued as they then existed, would be faced with a deficit. In the following period, having regard to the fact that the interest rate on loans by the Minister of Finance to the board is determined in six-month periods, that interest rate was reduced in line with the reduction that was made in the interest rate charged by the government to all crown corporations. The board was, therefore, entitled to the benefit of that reduction.

As things now stand, I take the responsibility for saying that under existing circumstances I do not think there is any occasion for submitting an increase in the rate of interest charged by the board to agricultural applicants. I am taking the responsibility for saying in this house this afternoon that I certainly am not recommending any increase in the interest rate on loans made by the Canadian farm loan board to farmer applicants.

Mr. Benidickson: Where does the minister suggest he gets his authority? He talks about responsibility. I suggest to him his responsibility is to come before parliament at the present time and say, I am prepared to recommend that this section is not a fair impost on the board; I am prepared to change the provision respecting these matters from utilizing the opinion of the board to the opinion of myself.

Mr. Fleming (Eglinton): My hon. friend keeps talking as though the Canadian farm loan board today were recommending an increase in the interest rate. That is an unwarranted assumption. I referred to the view that the board expressed to me a year ago, under the conditions then obtaining. The conditions that exist today have not led the board to renew any such expression of view.

Mr. Benidickson: I was coming then to the next question. As I indicated, the No. 2 minutes of the agriculture committee only became available about noon today, and I frankly confess I have not had time to read them. May I ask the minister whether or not any member of the committee did ask the chairman of the board when he was before the committee whether in his opinion, the interest rate on loans is sufficient to provide for the interest payable by the board or likely to be payable if they were to go into the market right away—the minister has indicated they do have to borrow right away because they are out of funds—and the expenses of the board, including a reasonable provision for reserves against losses.

Mr. Fleming (Eglinton): I do not think that question was specifically asked of Mr. Chester. There were questions asked of Mr. Chester concerning the rate, but the questions were directed not to the possibility of an increase in the rate but to the possibility of a decrease in the rate.

Mr. Benidickson: Does the minister then say that except for this expression of opinion on the part of the board to the minister a year ago the board has expressed no further apprehension about its obligation by statute under this section?

Mr. Fleming (Eglinton): Yes. I have had no communication from the board on that subject since the time I mentioned in 1957. I will not say it was precisely 12 months ago, but it was in 1957. The board has communicated no view to me on that subject since. I think it is clear from the testimony that Mr. Chester gave that the position at the present time is more satisfactory, having regard to two factors; first, the reduction in the interest rate charged by the government to the board within the past year since the occasion I mentioned; second, the fact that the increase in the volume of business transacted by the board permits spreading certain factors of cost over a wider area, and that will help reduce the drain upon the spread between the four per cent that the board now pays and the five per cent it charges.

Mr. Benidickson: Has the board paid the government an interest rate beyond four per cent in the last couple of years?

Mr. Fleming (Eglinton): Yes, Mr. Chairman, they paid that rate earlier. I cannot give the precise times, but this interest rate has fluctuated. If my hon. friend will look at the testimony of Mr. Chester he will see that the interest rate has fluctuated.

Mr. Benidickson: Has it ever exceeded four per cent in the last couple of years?

Mr. Fleming (Eglinton): I cannot say precisely. I shall have to obtain that information if my hon. friend wishes it. May I remind my hon. friend of the testimony Mr. Chester gave at page 12 of the committee report:

> When the board commenced lending in 1929, it was obliged to charge 6½ per cent. In October 1934, the rate was brought down to 5½ per cent. In May 1935, the rate was further reduced to 5 per cent and so continued up to April 1, 1945. From April 2, 1945, to March 31, 1952, the rate was 4½ per cent and since that time the rate has been 5 per cent.

Now, that is the rate charged by the board on loans.

Mr. Benidickson: My question, of course, related to the cost of borrowing money from the government within the last two years.

Mr. Pearson: May I ask the minister this very simple question? Is he satisfied that, without raising his rates for loans—and nobody wants that to happen—and having regard to the likehood that it may have to pay a certain amount for the money it will get from the government in the weeks and months ahead, the board is now in a good position to discharge all its obligations under the act?

Mr. Fleming (Eglinton): The board cannot possibly discharge its obligations under the act at this present time beyond another three weeks. This bill, if it is adopted, will permit the board to discharge its obligations for the foreseeable future in accordance with the terms of the present act. It has been indicated several times already that the whole subject of agricultural credit as available under this act, as available under the Farm Improvement Loans Act and as available under the Veterans Land Act is under review. That review will be completed before another session of parliament. If my hon. friend is asking me whether the board, if this bill is passed, will be in a position to discharge the responsibilities laid upon it by this act in accordance with its present terms, I say, yes, as long as this additional provision lasts.

Mr. Argue: With interest rates at the level they are today and with the costs the board has to incur does the minister feel that the board can operate one further year and stay in the black?

Mr. Fleming (Eglinton): I cannot be precise about that matter. One can only make the best judgment that one is capable of at this present time. If this bill is passed and if the rate of lending continues, and if the volume of business that is being done continues then the view that I put before the house in line with what I have just said now in reply to the question of the Leader of the Opposition is that the board will be able to discharge its responsibilities under the act in accordance with its present terms. In another session the house will have before it, I have no doubt, the results of the study that is being conducted now into the operations of the three acts.

Mr. Argue: Is it the opinion or the estimate of the minister that under all present circumstances the board is able to operate at a profit?

Mr. Fleming (Eglinton): I will not say at a profit, Mr. Chairman.

Mr. Argue: With the surplus it has?

Mr. Fleming (Eglinton): It has a surplus at the moment; a tenuous sort of surplus. That may vary from time to time. I have given my answer in broad terms, Mr. Chairman.

I can be more specific now in reply to the question asked a moment ago by my friend the hon. member for Kenora-Rainy River as to the highest rates of borrowings in times past.

Mr. Benidickson: In the last couple of years.

Mr. Fleming (Eglinton): In recent years I am informed that the board has borrowed at 4⅜ per cent, 4⅛ per cent and at 4 per cent.

Mr. Argue: Can the minister tell the committee what is the average cost of money the board is now employing? In other words, is most of the money in use at interest rates lower than 4 per cent?

Mr. Fleming (Eglinton): That would have to be calculated.

Mr. Argue: I do not think the minister's answer to me a moment ago was entirely satisfactory, Mr. Chairman. He said he was not certain, as I understood him, that the board would be able to make a profit, but in future it might not be in particularly difficult circumstances. But I note that at page 16 of the evidence taken before the committee, the board for 1958 shows $235,534 under a column entitled "Profit on Operations before Income Tax".

Mr. Fleming (Eglinton): What page is that?

Mr. Argue: Page 16. I think this committee is entitled to know whether the officers in the minister's department feel that the board under present circumstances and foreseeable circumstances during the present year is likely to be able to operate at a profit. I do not suppose anybody can guarantee whether or not there will be a profit. But surely realistic estimates are made of the operation of this board and the operation of all aspects of the government's own department. The view of the minister on the advice of his officials as to whether or not the board, with present interest rates, can operate at a profit is important, and I think it is a reasonable question.

Mr. Fleming (Eglinton): Mr. Chairman, to operate at a profit or to operate to break even are two different things. My hon. friend is asking whether there will be a profit. I cannot say whether or not there will be a profit. I know that the board, before income tax, in the past fiscal year showed a profit of $235,000. From what information has been given to me I have a reasonable expectation that the board will break even during this coming year. I think it would be quite improper on my part to hazard at this time

some estimate of the profit that may accrue from the board's operations. But having regard to operations in the past and the increased volume of operations during the fiscal year up to the present and the prospect that if this bill is passed the increase is likely to be maintained, it would appear that the board would be able to operate, as in the past, on a profitable basis. But I am not hazarding any indication to the house as to what the surplus might be. I think that it would be quite improper for me to attempt to do so.

Mr. Argue: My question was merely whether the minister expected that the board could operate at a profit, not make a quarter of a million dollars.

Mr. Fleming (Eglinton): May I say that the view of the board is that they will be able to show a surplus on this year's operations but that they are not hazarding any indication of how much it might be. That is the position as it appears at the moment, that they will be able to produce a surplus for this year again, according to present indications.

Mr. Argue: That would seem to be a full answer to the hon. member for Kenora-Rainy River who was asking whether the board was carrying out all its responsibilities under the act. The minister now says that even with the high interest rates prevalent in the country the board is likely to make some kind of a profit, certainly not a loss. That would satisfy the provisions of the act.

Mr. Fleming (Eglinton): I now have the answer to the question asked by the hon. member for Assiniboia a moment ago. He asked for the average rate. I am informed that the average rate is less than 4 per cent. I cannot give him any very precise figure but it is less than 4 per cent. I think that is a factor to be taken into account. In assessing the board's operations at this present time, one should not treat the cost to the board of its aggregate borrowings to date as though that rate were the same as the most recent rate. The most recent rate is as I indicated 4 per cent; but the average rate on loans—

Mr. Benidickson: You gave three rates, what is the most recent rate? You gave $4\frac{3}{8}$ per cent, $4\frac{1}{8}$ per cent, 4 per cent.

Mr. Fleming (Eglinton): May I just finish what I was saying. The average rate is below 4 per cent. I will not be prepared to give the actual figure but it certainly would be as close to 3 per cent as it would be to 4 per cent; that is on the aggregate outstanding which is substantial. As hon. members will see, if they will look at page 15 of the proceedings of the standing committee on agriculture, the principal of loans outstanding at March 31, 1958 was over $67 million.

Mr. Argue: I thank the minister for his reply. I think it is a most significant one. It demonstrates to the house that because of low interest rates available to the board in the past during the years when the Liberal party followed a low interest rate policy, it is now possible for the board at this present time to operate at a profit in spite of the high interest rate policies now being followed by the government.

Mr. Fleming (Eglinton): There are no high interest rate policies followed by the government today.

Mr. Argue: Just high interest rates.

Mr. Benidickson: Let's consider the minister's last statement. He has informed the house and the committee that within ten days this board will have run out of money and will have to go to the government to borrow more money. Surely with a period of ten days in which to forecast he could without any crystal ball give to the committee an idea of what he would feel the government would be obliged to charge the board for a borrowing on a 25-year term.

Mr. Fleming (Eglinton): As the hon. gentleman is well aware the interest rate is effective for the present six months' period and is therefore the rate which will be charged this board on all its borrowings from the government in this period. The rate of interest for the present six months' period to September 30 is 4 per cent. The interest rate is always set at the beginning of every six month's period. As my hon. friend knows, this was set by the government at April 1 and is applicable to all loans by the government to all crown corporations at the rate of 4 per cent.

Mr. Benidickson: So that if at the end of the period of six months in September the government's experience is that it has to pay $4\frac{1}{2}$ per cent on its borrowings within the newest period it would not be government policy to charge any crown company less than it has had to pay to the public.

Mr. Fleming (Eglinton): Mr. Chairman, my hon. friend, I am sure, will recall the way in which the rate is set. It is a rate that is established as the rate the government has to pay for money with a similar maturity plus an advance of one-eighth of one per cent as the cost of doing business. That is quite clear and when October 1 comes the interest rate to be charged to all crown corporations

will, as at all times in the past, be set in the light of that cost, whether it is larger or smaller than 4 per cent. The government has not borrowed new money in the market at 4½ per cent.

Mr. Benidickson: The government at the present time is asking the public to convert bonds that have not yet matured and it has indicated that the government requires this money because it has a sufficient feeling of necessity that it is prepared on a 25-year basis to pay 4½ per cent for it, plus bonuses and commissions and the other things involved.

Mr. Fleming (Eglinton): That statement is about half true.

Mr. Pearson: Which half is wrong?

Mr. Argue: I think the discussion illustrates the very serious aspects of this matter with respect to the financial policy being launched by this government. It is a policy which means the strengthening of the interest rates; it is a policy which in fact means higher prices for loans to the ordinary people of this country; it is a policy which is the very antithesis and negation of the policy the minister advocated while he was in opposition for so many years; it is a policy which if pursued will result in either the Canadian farm loan board having a tremendous deficit—

The Chairman: Order. I regret to interrupt the hon. member but we are not at the moment discussing the fiscal policy of the government. We are discussing the farm loan act.

Mr. Argue: With great respect, Mr. Chairman, if the fiscal policy of the government results in higher interest rates for the money available to the Canadian farm loan board, it is the most pertinent thing one could imagine, because the cost to that board of money which is borrowed will decide whether or not the board can make a profit. The minister can say that there is not a word of truth in the statement but everything he has said this afternoon would demonstrate that interest rates are going up and it will be more and more difficult for this board to operate at a profit in the future.

Mr. Fleming (Eglinton): I am quite sure my hon. friend will not find anything in my remarks to warrant the conclusion which he is attempting to draw.

Mr. Pearson: If the board in October, when the rates for its borrowings will be established by the government, finds that the new rate of 4 per cent or more than 4 per cent—whatever it may be—is such that it would make it impossible to carry out the specific obligations under section 7 (e) of the act, which is the requirement to establish an interest rate on loans sufficient to provide for the interest payable by the board to the minister and the expenses of the board plus reasonable provision for reserve against loss; if it finds that to carry out that obligation would require an increase in the rate for loans, is there any provision in this legislation which gives the minister any authority to overrule the judgment of the board in this respect?

Mr. Fleming (Eglinton): My hon. friend can read the terms of the present legislation which proposes to amend clause 5 (1) of the act by changing the word "four" to "six" and the figure "40" to "60". That is the entire effect of this present bill; it does not purport to change any of the other terms of the act which will stand as they have existed since the 1956 amendment.

Mr. Benidickson: In other words, the short answer would have been no.

Mr. Pearson: Yes. I was asking the minister for information in regard to other sections of the act which are not to be amended and I wished to know whether he had any authority to overrule the board if it desired to alter the interest rate charged by it on loans.

Mr. Fleming (Eglinton): Neither the minister nor the government nor the board has any power to override the terms of this legislation.

Mr. Pickersgill: In other words the assurance of the minister is worth absolutely nothing.

Mr. Fleming (Eglinton): Mr. Chairman, I think on reflection the hon. member will regret having made that statement which does not contribute anything useful to a discussion of this subject.

Mr. Pickersgill: I would like to put a question to the minister. Did the minister not give the committee an assurance a few moments ago that this rate would not be increased? I ask this question because he is now saying that he has no authority to override the statute and therefore, as I said a moment ago, his assurance is worth nothing.

Mr. Fleming (Eglinton): My hon. friend can put his own estimate on his conclusion. I have put my estimate upon it and our estimates are as far apart as the poles.

Clause agreed to.

Bill reported, read the third time and passed.

FINANCIAL ADMINISTRATION ACT

AMENDMENTS TO AUTHORIZE DELETION OF CERTAIN ACCOUNTS, CLARIFY ISSUE OF GOVERNOR GENERAL'S WARRANTS, ETC.

Hon. Donald M. Fleming (Minister of Finance) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Financial Administration Act to authorize the deletion from the accounts of obligations or debts due to Her Majesty or claims by Her Majesty that do not exceed twenty-five dollars; to clarify the circumstances in which special warrants signed by the governor general may be issued; to permit a crown corporation to establish a receiver general account with ministerial approval and to authorize the payment of interest on money placed to the credit of such an account; and to provide for certain consequential changes in connection with the administration of the act.

Motion agreed to and the house went into committee, Mr. Sevigny in the chair.

Mr. Fleming (Eglinton): Mr. Chairman, the purpose of the bill to be founded upon the present resolution is to amend the provisions of the Financial Administration Act. The bill will be a quite short one and will have as its objects, first, to authorize the treasury board to make regulations for the deletion from the government's books of small debts of $25 or less; second, to clarify the circumstances under which special governor general's warrants may be used and to provide an opportunity for prompt parliamentary consideration of those warrants when they are used; third, to permit a crown corporation, with ministerial approval, to pay all or part of its money into the consolidated revenue fund to be held for it by the receiver general and to provide for the payment of interest on moneys so held, and, fourthly, to make certain other technical and consequential changes.

The operative provisions of section 28 of the act relating to the circumstances and conditions governing the use of special warrants restrict their use to cases:

(a) where an accident happens to a public work or building for which an expenditure for the repair or renewal thereof is urgently required, and

(b) where any other matter arises for which an expenditure not foreseen or provided for by parliament is urgently required for the public good.

Moreover, warrants may be used only in periods when parliament is not in session or when it is under adjournment *sine die* or to a day more than two weeks after the day the accident happens or the matter arises.

The wording of the act, which has remained virtually unchanged since provision for the use of special warrants was made shortly after confederation, has been found in some respects to be lacking in clarity. Accordingly, these provisions have been rewritten in the bill to simplify the language and to clarify the circumstances in which warrants may be issued. I should like to stress that no change in substance has been made. As under the present act, warrants can be used only when parliament is not in session or is under adjournment, when there is no other appropriation for the service, and when expenditures are urgently required for the public good.

As I have indicated, it is also proposed to make provision to give hon. members an early opportunity for the consideration of special warrants when they are issued. There are now two requirements enacted by parliament to ensure that the existence of governor general's warrants may be made known soon after they are issued. These are to be found in sub-section (3) of section 28:

Every warrant issued under this section shall be published in the *Canada Gazette* within thirty days after it is issued, and a statement showing all warrants issued under this section and the amounts thereof shall be laid by the minister before the House of Commons within fifteen days after the commencement of the next ensuing session of parliament.

We are proposing no change in these requirements. However, we do propose to add a new provision whereby the amounts appropriated by a special warrant shall be deemed to be included in, and not to be in addition to, the amounts provided by the next appropriation act enacted by parliament. The effect will be that provision to cover all such warrants will be included in the first appropriation act submitted to parliament in the session following the period in which the warrants are issued, and the house will thereby be given a full and early opportunity to consider such warrants.

In addition to these amendments relating to the use of special governor general's warrants, there are three other amendments to the act, mostly of a technical nature, which I should like to mention.

The first relates to the deletion of certain small debts due to, or claims by, Her Majesty. Section 23 of the act now provides that the governor in council on the recommendation of the treasury board may delete from the accounts certain obligations or debts due to, or claims by, Her Majesty that do not exceed $500 and which have been outstanding for five years or more, or that do not exceed $1,000 and have been outstanding for ten years or more.

It is costly and uneconomical to continue to maintain records and to seek actively to collect very small debts for the period of five years now required by the act. Indeed in

many cases the cost of administration and collection exceeds the amount of the debt, and it has become evident that there should be some procedure under appropriate circumstances for dealing more expeditiously with these small uncollectable debts. Accordingly, vote 689 was included in the further supplementary estimates (2), 1957-1958 to provide authority for the treasury board to make regulations for the deletion from the accounts of small debts that did not exceed $5. We do not propose to include this item in the final appropriation act for 1957-58. Instead, it is proposed that it be placed on a statutory basis by making suitable provision in the Financial Administration Act. At the same time it is proposed that the maximum amount that may be deleted under this authority will be $25. A report of all amounts deleted under this provision will be published each year in the public accounts.

The second amendment which I should like to mention refers to the making of regulations for the destruction of paid government cheques. Section 34(2) of the act now provides that the treasury board on the recommendation of the auditor general may make regulations governing the destruction of paid and cancelled cheques or similar instruments issued by the comptroller of the treasury for payments out of the consolidated revenue fund. I do not believe that the auditor general should be responsible for proposing regulations governing administrative action. On the other hand it is most desirable to ensure that cheques are not destroyed until they are no longer required by him for the purposes of his examination and audit of the public accounts. Accordingly I am proposing that the present section be amended to provide that in future regulations governing the destruction of paid cheques be made by the treasury board on the recommendation of the Minister of Finance with the approval of the auditor general.

There is one other amendment to the act which will permit a crown corporation, with ministerial approval, to establish a receiver general account. Section 81(2) now provides that a crown corporation, when directed by the Minister of Finance with the concurrence of the appropriate minister, shall pay all or any part of its money to the receiver general to be held for it in a special account in the consolidated revenue fund and such money may be paid out for the purposes of the corporation or repaid to it. It is proposed that this section be amended so that a crown corporation may on its own initiative but with the approval of the two ministers pay surplus money to the receiver general to be held for it in the special account. Specific provision is also being made in this section to make it clear that interest may be allowed and paid on such money.

These are the amendments which I am proposing. I believe that they will clarify and improve the provisions of the present legislation.

Mr. Benidickson: Mr. Chairman, I do not think this particular statute has been up for review for some time. It is a statute in which the public accounts committee usually takes an interest. In 1951 when there was a substantial overhaul of our financial procedures, and when this act was designed to consolidate a number of financial provisions the public accounts committee was given the bill for examination and study. I wonder if it is the intention of the minister to have this bill considered by the public accounts committee which I believe is in the process of organization.

Mr. Fleming (Eglinton): I do not think there is any occasion to do that in this case. This is a very short bill. The hon. gentleman will find, if the committee permits the bill to be introduced, that it is very short, only two pages in length.

Mr. Benidickson: I hope that perhaps on further reflection the minister will reconsider what he has just said. I will speak to him about it privately. I do feel, particularly because governor general's warrants are of some consequence, that the public accounts committee might very profitably consider the significance of these changes.

With respect to this statute and some of the minor items, such as the amounts receivable, I may say that the work of any member of parliament has been greatly facilitated with respect to financial administration by an audit office guide, prepared in recent weeks, which came into my hands a few days ago. I know that it was designed to save the audit office itself the necessity of consulting a great number of authorities in connection with its own detailed work, but I can recommend this guide to all hon. members who find that some of these procedures are baffling. I may say that it has already been very useful. Even in reading this resolution I found very readily the references in the act. I found very useful the references to practices to which some of these proposed amendments have reference. The accounts receivable item is discussed. It is my impression that subject to section 23 which my hon. friend read it is not possible for the administration to eliminate a debt owed to the crown except by notice to parliament through an appropriation bill. I agree that while the limits now proposed are worthy of some consideration they may be just too much of a drop from the present provisions.

Mr. Fleming (Eglinton): Mr. Chairman, will my hon. friend permit me to interrupt for one moment. We do not propose to eliminate the obligation. It is simply to provide that—

Mr. Benidickson: Yes. They will not appear in the public accounts.

Mr. Fleming (Eglinton): In other words, that it may be deleted from the public accounts.

Mr. Benidickson: It would not be necessary in those circumstances to appeal to parliament to relieve the administration of what public servants might think was an obligation to continue efforts and expenditures with respect to collections that might be quite out of keeping with either the age of the account or its collectability and so on. I believe that has been given consideration for some time.

I must confess I am not too familiar with the reference to the receiver general accounts that will be established for crown companies. I believe it has a relation to section 16, subsection 2. I have no doubt that when the bill is presented by the minister we will be able to examine that. I know that a department is able to establish a receiver general account and funds are available to the receiver general for purposes as he sees fit and there is provision for crediting interest. I see that a crown company would similarly get some interest credited if an account were transferred with the permission of the minister.

Mr. Fleming (Eglinton): The relevant section of the act is section 81, subsection 2.

Mr. Benidickson: I think most interest in the committee today at this stage will be with respect to governor general's warrants in view of the size of governmental financial operations today. We had an experience of governor general's warrants in recent times of most unusual dimensions.

I was very interested to try and find out from the minister just what technique might be utilized to carry out the commitments of the Prime Minister in the election campaign when he discovered the attempt on the part of the Minister of Citizenship and Immigration to depart from what had been standard custom with respect to governor general's warrants being included in the supplementary estimates for parliamentary discussion. There was an uproar in the country and we all know that the Prime Minister has a very keen ear to political discontent of that kind. He very quickly indicated that he was not going to support that kind of policy. A typical comment the other day when this resolution was introduced is that made by one of our respected correspondents in the gallery. Mr. Norman Campbell writing in the Ottawa *Citizen* said:

> A tradition cast aside by the Tories is now to be given statutory effect on second thought. It is a full retreat by finance minister Fleming.

Mr. Fleming (Eglinton): There was never an article written with less of fact to substantiate it.

Mr. Benidickson: My hon. friend has said that several times today. The technique for parliamentary consideration seems to be a new one. If I understood my hon. friend correctly it would appear he is proposing to have references to governor general's warrants in the next available appropriation bill. That does not seem to be what was contemplated in the speech from the throne or what was suggested by the Prime Minister himself when he spoke in the throne speech debate. It seemed very clear to me when the Prime Minister addressed this house after its opening, when he was making reference to the setting up of new committees and particularly the public accounts committee, that he was making a commitment to the effect that it would be part of the function of this committee to discuss particularly the very substantial governor general's warrant and the amount of money that was so issued with respect to the fiscal year that ended on March 31. I refer to page 34 of *Hansard* of May 13, 1958 where the Prime Minister is reported as saying:

> We intend to set up this committee; we intend to have an examination of the expenditures made under governor general's warrants.

One can only draw the conclusion that it was anticipated that these particular expenditures under governor general's warrant for the year that had just concluded would be given the careful attention of that committee. There is not so much difficulty with respect to the other two governor general's warrants that have relationship to the new fiscal year. They, of course, will be carried through in this year's estimates and we will have the usual right of debate but there is considerable concern on the part of hon. members of the opposition, and I am sure on the part of hon. members of the government as well as to the opportunities they lost by virtue of the hasty dissolution of the house last February. Through that action we were deprived of the opportunity to examine thoroughly all but five departments of the government. I think it is probably fair to say that five departments were fully considered and six were only partially considered and it so happens in that particular year that some of the departments

whose estimates the opposition were particularly interested to inquire into because of economic conditions were those that at no stage during that year came up for parliamentary review. I think of such departments as labour and public works. I would hope that there would be an opportunity to examine in considerable detail the policies of those departments in this very critical year 1957-58.

In addition to that there has been a request made of the Minister of Finance in the past and I repeat it now. When he was making his calculation as to the amount of funds that would comprise the total of the governor general's warrant for the year ending March 31, 1958 he found it possible in some slight measure to provide a figure that was under unvoted balance of the total in the blue book of estimates. He has never indicated to us what these items were except by comparing the totals department by department. We would very much like to have from the minister an indication of just how hon. members of this house are going to be able to examine these particular deletions that the minister decided were appropriate and not likely to be spent in the year ending March 31, 1957.

Mr. Fleming (Eglinton): Would my hon. friend like me to clarify that now?

Mr. Benidickson: I know there were totals but my hon. friend must realize we still have not had any indication of detail to determine the merit or otherwise of those deletions particularly in the period of economic distress in which we were operating because at that very time the Minister of Finance was speaking in terms of certain savings and economies, other hon. members of the government were speaking in terms of an accelerated pace of public expenditure for the first quarter of 1958 which was the last quarter of the fiscal year. I have no doubt there will be a great deal of curiosity on the part of those who will have an opportunity of inquiring into those estimates as to just how one reconciles the bragging of some hon. members of the government about economies and savings and the similar boasts that were made by other hon. members of the government of a contradictory nature indicating that there was an accelerated pace of expenditure particularly in terms of public development, public works and so on and that a terrific pace of acceleration was being established in the first quarter of the calendar year.

I would very much like to hear from the minister a further explanation of the technique that he proposes for parliamentary examination. He was very clear this session when he introduced the first interim supply bill. He indicated on May 13 and on May 14 that members of the House of Commons would have a full opportunity of examining the 1957-58 estimates. I will concede that something of this nature in the way of an undertaking was desirable because as far I can find out in the records—I have examined them for some 30 years back—I do not think that ever before did we have a situation such as we had in February when parliament was dissolved with a substantial amount of estimates not voted in the committee of supply.

The minister said on May 13, as reported at page 18 of *Hansard*:

> It will be the intention of the government at a suitable time in the session to present to the house a measure in respect of the accounts for the year 1957-58 to deal specifically with these items, and on that occasion there will be accorded to the house, it is proposed, the fullest opportunity in committee of supply to discuss, to obtain information and to pass any judgments that may be required on the sums appropriated and expenditures made under the provisions of the governor general's warrants.

On May 14, in reply to the questions I advanced to him, he said this, as reported at page 70 of *Hansard*:

> I thought I gave the house a clear assurance yesterday that in the provision which the governor general in council made in strict accordance with the provisions of the Financial Administration Act to meet the needs of government and provide the sums urgently required for the public good for the balance of the fiscal year to March 31, nothing had been done that was not included in the estimates, and that provision would be made this year at this session in due course for as much review as hon. members may wish of any appropriation made by governor general's warrant.

I am sure that in replying the minister will amplify on the technique that he proposes to utilize so that those commitments will be carried out with respect to the warrants applicable to expenditures for the fiscal year ended 1957-1958. Perhaps the minister might be prepared to amplify that now.

Mr. Fleming (Eglinton): It is the government's intention to bring forward a resolution on that subject in the near future. It will contain the information my hon. friend requests and will afford to hon. members the fullest opportunity to discuss all of the items that entered into the expenditures for the year 1957-58.

Mr. Benidickson: My hon. friend, of course, is well aware that in every year, except perhaps 1926 when there was an unusual situation, two minority governments were defeated within a matter of a few weeks at that time and a portion of the warrants by one government was not subsequently adopted

in the parliamentary session that followed the election. We have had the opportunity. Apart from 1926 I cannot find that we ever lacked an opportunity in all those years to consider the expenditures under governor general's warrants in the form and with details just as they would be presented in a supplementary estimate. Is my hon. friend contemplating that similar details as to purpose and description as in a vote will be provided in the measure that he has in mind for our consideration later in the session?

Mr. Fleming (Eglinton): This may not be in order, Mr. Chairman, because it has nothing to do with the present measure at all. My hon. friend has asked the question and I will be brief about it. I think when my hon. friend sees what the government proposes to lay before the house he will be completely reassured in that regard.

Mr. Benidickson: Surely, Mr. Chairman, my hon. friend cannot again say that the discussion is not pertinent to the measure that he has described, because he himself said that he proposes to introduce an appropriation bill, or resolution, or something of that kind, that would relate to warrants. While we have the question and answer opportunity now I am curious to know whether or not the opportunities we will have under such a measure will be the equal of those parliament has always had when eventually governor general's warrants were discussed as supplementary estimates.

I am just going to say that in his opening remarks about the need for amending section 28 of the Financial Administration Act for the purpose of dealing with governor general's warrants and procedure thereunder the minister said that in the past they had been lacking in clarity. I think those were the words he used. I simply want to say that if they were lacking in clarity there was certainly nothing at any time ever lacking in past precedents.

Mr. Herridge: Mr. Chairman, while I have not the close technical knowledge of the massive financial transactions that the hon. member for Kenora-Rainy River has I do want to say a few words on behalf of this group. I suggest, Mr. Chairman, that the clock now records five o'clock.

The Deputy Chairman: It being five o'clock, it is my duty, pursuant to standing order 15, to leave the chair in order to permit the house to proceed to the consideration of private and public bills.

Progress reported.

Private Bills

Mr. Speaker: Order. It being five o'clock, the house will now proceed to the consideration of private and public bills, the former having precedence pursuant to standing order 15(3).

Since there are a number of bills standing for consideration in committee of the whole, is it agreed that all these bills be referred to the committee of the whole in one motion?

Some hon. Members: Agreed.

PRIVATE BILLS

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill No. S-7, respecting Canadian Pacific Railway Company and certain wholly owned subsidiaries.—Mr. Morton.

Bill No. SD-124, for the relief of Annie Allish Watson.—Mr. McCleave.

Bill No. SD-125, for the relief of John Spence Brown.—Mr. McCleave.

Bill No. SD-126, for the relief of Verne Alfred Freeman.—Mr. McCleave.

Bill No. SD-127, for the relief of Davina Betsy Snow Campbell.—Mr. McCleave.

Bill No. SD-128, for the relief of Jack Spinner.—Mr. McCleave.

Bill SD-130, for the relief of Claude Hector Proulx.—Mr. McCleave.

Bill No. SD-131, for the relief of Mary Florence McLelland Pringle.—Mr. McCleave.

Bil No. SD-132, for the relief of Robert Maurice Sherwood.—Mr. McCleave.

Bill No. SD-133, for the relief of Margaret Jeanette Young Warmington.—Mr. McCleave.

Bill No. SD-134, for the relief of Mary Isabella Cross Davidson.—Mr. McCleave.

Bill No. SD-135, for the relief of Rita Firestone Flax.—Mr. McCleave.

Bill No. SD-136, for the relief of Dorothy June Pearce Tribble.—Mr. McCleave.

Bill No. SD-137, for the relief of Anne Rottermund David.—Mr. McCleave.

Bill No. SD-138, for the relief of Gordon Edwin Limbrick.—Mr. McCleave.

Bill No. SD-139, for the relief of Helen Paperno Bogatin.—Mr. McCleave.

Bill No. SD-140, for the relief of Joseph Victor Cyril Goyer.—Mr. McCleave.

Bill No. SD-141, for the relief of Henry Joseph Haggett.—Mr. McCleave.

Bill No. SD-142, for the relief of Ethel Roe Emond.—Mr. McCleave.

Bill No. SD-143, for the relief of Frederick Wilson Abbott.—Mr. McCleave.

Bill No. SD-144, for the relief of Gilda Rosen Silverman.—Mr. McCleave.

Private Bills

Bill No. SD-145, for the relief of John Luczko.—Mr. McCleave.

Bill No. SD-146, for the relief of Anita Fischer Staub.—Mr. McCleave.

Bill No. SD-147, for the relief of Margaret Irene Dawe Mays.—Mr. McCleave.

Bill No. SD-148, for the relief of Janine Lafontaine Frost.—Mr. McCleave.

Bill No. SD-149, for the relief of Lydia Feodorovna Ovchinnikova Lipsman.—Mr. McCleave.

Bill No. SD-150, for the relief of Donald Malcolm Gangin.—Mr. McCleave.

Bill No. SD-151, for the relief of Marie Louise Plourde Auld Emard.—Mr. McCleave.

Bill No. SD-152, for the relief of Ralph Murrin.—Mr. McCleave.

Bill No. SD-153, for the relief of Bruno Giovanni Albertini.—Mr. McCleave.

SECOND READINGS—SENATE BILLS

Bill No. SD-154, for the relief of Eileen Rose Brown Porteous.—Mr. McCleave.

Bill No. SD-155, for the relief of Anita Duguay Brais.—Mr. McCleave.

Bill No. SD-156, for the relief of Sydney Lesser.—Mr. McCleave.

Bill No. SD-157, for the relief of Stella Rachel Cater Harris.—Mr. McCleave.

Bill No. SD-158, for the relief of Samuel Jack Goldberg.—Mr. McCleave.

Bill No. SD-159, for the relief of Beatrice Claire Carmichael Glas.—Mr. McCleave.

Bill No. SD-160, for the relief of Francis Allan Quinn.—Mr. McCleave.

Bill No. SD-161, for the relief of James Ross MacLaren Paul.—Mr. McCleave.

Bill No. SD-162, for the relief of Barbara Golebiowski Lorens.—Mr. McCleave.

Bill No. SD-163, for the relief of Nicholas Vogel.—Mr. McCleave.

Bill No. SD-164, for the relief of Viola Mary White Witt.—Mr. McCleave.

Bill No. SD-165, for the relief of Joseph Lucien Roland Richer.—Mr. McCleave.

Bill No. SD-166, for the relief of Marc Baillargeon.—Mr. McCleave.

Bill No. SD-167, for the relief of Lucille Perrin Ballard.—Mr. McCleave.

Bill No. SD-168, for the relief of Barbara Rae Lynch Harding.—Mr. McCleave.

Bill No. SD-169, for the relief of Estelle Leblanc Hebert.—Mr. McCleave.

Bill No. SD-170, for the relief of Georgiu Panajtiotis Yarenis.—Mr. McCleave.

Bill No. SD-171, for the relief of Shirley Watson Pennoyer.—Mr. McCleave.

[Mr. Speaker.]

Bill No. SD-172, for the relief of Anastasia Gorshko Hruby, otherwise known as Ann Gorshko Hruby.—Mr. McCleave.

Bill No. SD-173, for the relief of Edwin Showler.—Mr. McCleave.

Bill No. SD-174, for the relief of Nikolaj Kurdiaszow.—Mr. McCleave.

Bill No. SD-175, for the relief of Johann Schneider.—Mr. McCleave.

Bill No. SD-176, for the relief of Lise Beaudry Livingston.—Mr. McCleave.

Bill No. SD-177, for the relief of Beverly Georgina Berry Turpin.—Mr. McCleave.

Bill No. SD-178, for the relief of Shirley Eileen Ferris MacTavish.—Mr. McCleave.

Bill No. SD-179, for the relief of Maurice Turcotte.—Mr. McCleave.

Bill No. SD-180, for the relief of Christina Maxwell Biggs Sanderson.—Mr. McCleave.

Bill No. SD-181, for the relief of Thomas Patrick Heavers.—Mr. McCleave.

Bill No. SD-182, for the relief of Josephine Gertrude Rice Thornhill.—Mr. McCleave.

Bill No. SD-183, for the relief of Ruth Gruber Sosnowsky.—Mr. McCleave.

Bill No. SD-184, for the relief of Samuel Wasserman.—Mr. McCleave.

Bill No. SD-185, for the relief of Celia Bernhaut Jamensky.—Mr. McCleave.

Bill No. SD-186, for the relief of Mary Elizabeth Rainsborough Archer Rudner.—Mr. McCleave.

Bill No. SD-187, for the relief of Waldo John Brayton.—Mr. McCleave.

OGDENSBURG BRIDGE AUTHORITY

Mr. Hayden Stanton (Leeds) moved the second reading of Bill No. S-12, respecting Ogdensburg Bridge Authority.

He said: This bill is similar to the bill passed in 1956. The Ogdensburg bridge authority was incorporated by private act of the parliament of Canada, being chapter 57 of the statutes of 1952. The purpose of the authority is to co-operate with a similar authority incorporated by the legislature of the state of New York in the building of a high-level vehicular bridge from the vicinity of Johnstown, Ontario, that is about two miles east of Prescott, to Ogdensburg, New York.

When the company was incorporated in 1952 it was estimated that the bridge would cost approximately $10 million to $12 million and accordingly the right of the company to borrow and to issue bonds, debentures or other securities was limited by sections 12, 16 and 17 of the act of incorporation. By the year 1955 it became apparent that the original estimates of the cost of the bridge

were low and accordingly at the 1956 session an amending act was passed, being chapter 65 of the statutes of 1956, increasing the amount of debentures or other securities which could be issued and the amount which could be borrowed to $20 million. It now appears that the bridge will in fact cost more than $20 million but less than $25 million, and accordingly the present application is to obtain authority to borrow or issue debentures or securities to an amount not exceeding $25 million. This is the sole and only purpose of the bill which follows the exact terms of the 1956 bill.

I should like to draw to your attention, Mr. Speaker, that the act of incorporation provides that when the cost of building the bridge has been retired, that portion of it over Canadian soil will revert to public authorities in Canada and that part of the bridge in the United States of America will revert to public authorities in the United States. In other words, this is not an undertaking for the financial gain of any private individual.

I might say, Mr. Speaker, that the tenders are practically all let for this bridge at the present time and the authority finds that the increase in the cost of labour from 1952 to the present time and the increase in the cost of materials used will mean that the bridge will cost in the neighbourhood of $22 million. It is for this reason the bill is being brought before the house and Senate at the present time, seeking authority to borrow or issue debentures or securities to an amount not exceeding $25 million. This is a very short bill. It has already passed the Senate. The construction work is proceeding rapidly, so it is the desire of those concerned that this bill be passed at the earliest possible opportunity.

Motion agreed to, bill read the second time and referred to the standing committee on railways, canals and telegraph lines.

THE ALGOMA CENTRAL AND HUDSON BAY RAILWAY COMPANY

Mr. M. D. Morton (Davenport) moved the second reading of Bill No. S-13, respecting The Algoma Central and Hudson Bay Railway Company.

He said: If I may give to the house a brief outline of the purpose of this bill, Mr. Speaker, I would say that there is a rather lengthy explanation note contained in the bill. Primarily, this concerns a refinancing scheme of this company. The Algoma Central and Hudson Bay Railway Company was incorporated by chapter 50 of the statues of Canada in 1899. The company has constructed and operates a line of railway from the city of Sault Ste. Marie to Hearst in the province of Ontario, and a branch line thereof running in a southwesterly direction to Michipicoten Harbour in the province of Ontario.

As I said, the purpose of this bill is to reorganize the capital structure of the company which has had a long and somewhat complicated history. In 1916 a compromise financial arrangement was made by the company, other companies and the bondholders, but the obligations of this scheme were not met in 1931, at which time a new scheme was arranged. At that time the scheme was confirmed by chapter 62 of the statutes of Canada. Under that scheme the bonded indebtedness of the company was to consist of $10,308,500, bearing interest at the rate of five per cent and being secured by first mortgage debentures on the stocks and bonds. I might say a trust deed, and the usual type documents were made at that time to secure the interest of the bondholders. Also a second mortgage of $318,800, bearing interest at six per cent, was authorized, but this was paid off in 1937.

The company was further authorized to issue preference shares to the amount of $500,000 which provided 125,000 shares at $4 each. Under the present arrangement the proposal is to pay off the indebtedness which becomes due on December 31, 1959; to pay off the present preferred shares and to pay off the accumulated interest which, as at June 2, 1958, amounted to $5,729,808. Under a further scheme which was authorized in 1941 the company was authorized to allow the interest to accumulate provided that interest was paid when the bonds came due.

As a result of the scheme, when it is passed by the house, it will also permit the addition of further common shares. There will be a total capital authorized as follows: common shares to the value of $10 million, being 1 million shares having a par value of $10 each; preferred shares to the amount of $12,500,000, being 250,000 shares having a par value of $50; and the raising of $11 million by bonds and debentures. This procedure will completely reorganize the capital structure of the company. I may say at the present time all the said debenture stock and bonds and the preferred shares and common shares of the company have been issued and are outstanding except the $318,800, which I stated before were redeemed in 1937. I think that is a brief outline of what is to be done. If there are any particular questions of a complicated nature that might need to be answered, I may say that the officials will be present during the committee stage to answer such questions as hon. gentlemen might like to ask.

Private Bills

Mr. Speaker: Is the house ready for the question?

Mr. McGrath: I wonder whether the hon. member would permit a question? I have two questions.

Mr. Speaker: Order. Perhaps the hon. member, before he takes his seat, would permit a question or two. It is not the procedure on second reading to ask and answer questions.

Mr. Morton: It is quite all right, Mr. Speaker.

Mr. McGrath: My questions are these. Are the majority of the shareholders of this company Canadians or non-Canadians? The second one is this. In view of the fact that this company appears to have had financial difficulties in the past, can the hon. member now inform the house as to the financial standing of the company at the moment?

Mr. Morton: As to the first question, Mr. Speaker, I may say that the majority of shareholders are non-Canadians. However, I have here a letter dated July 11 from the general counsel and secretary of the company. It sets out in detail the shareholders, which information I can read to the house. I might say that under the arrangement all the shares of the company are held in trust under a trust agreement by the Royal Trust Company in Montreal; I refer to all the common shares and the voting shares. There are 2,221 holders of 420,755 shares divided as follows:

	Holders	Voting Trust Shares
Canada	296	190,677
U.S.A.	115	35,901
United Kingdom	1,113	181,641
France	654	10,628
Others	43	1,908
	2,221	420,755

As to the second question, I may say that I have the financial statement of the company for the year ended December 31, 1957. The net profit for the year was $1,495,775.58. The surplus balance of the company at the end of the same period, namely December 31, 1957 was $5,113,007.14. If any details are wanted, I can give them. However, that will give the house a general idea of the financial picture of the company.

Motion agreed to, bill read the second time and referred to the standing committee on railways, canals and telegraph lines.

Mr. Speaker: As there are a number of additional divorce bills standing for second reading, is it the wish of the house that these bills be dealt with in one motion?

Some hon. Members: Agreed.

[Mr. Morton.]

SECOND READINGS—SENATE BILLS

Bill No. SD-188, for the relief of Jean-Paul Camire.—Mr. McCleave.

Bill No. SD-189, for the relief of Evelyn Zigayer Sedawey.—Mr. McCleave.

Bill No. SD-190, for the relief of Eleanor Wanda Leshynska Ross.—Mr. McCleave.

Bill No. SD-191, for the relief of Irene Rondeau Desbiens.—Mr. McCleave.

Bill No. SD-192, for the relief of Victor Petrashevics.—Mr. McCleave.

Bill No. SD-193, for the relief of Joseph Adrien Octave Guillotte.—Mr. McCleave.

Bill No. SD-194, for the relief of Jeannette Jaslow Feifer.—Mr. McCleave.

Bill No. SD-195, for the relief of Edith Rosen Browman.—Mr. McCleave.

Bill No. SD-196, for the relief of Paul-Emile Papineau.—Mr. McCleave.

Bill No. SD-197, for the relief of Joan Patricia Gatien Juzenko.—Mr. McCleave.

Bill No. SD-198, for the relief of Myrto Mona Diane Chevrette Cadieux.—Mr. McCleave.

Bill No. SD-199, for the relief of William Harrison Terry.—Mr. McCleave.

Bill No. SD-200, for the relief of Andrzej Skarzynski.—Mr. McCleave.

Bill No. SD-201, for the relief of Otto Zilkalns.—Mr. McCleave.

Bill No. SD-202, for the relief of Leo Milette.—Mr. McCleave.

Bill No. SD-203, for the relief of Angelina Di Battista Overland.—Mr. McCleave.

Bill No. SD-204, for the relief of Robert Herman Kashower.—Mr. McCleave.

Bill No. SD-205, for the relief of Evelyn Mills Miles.—Mr. McCleave.

Bill No. SD-206, for the relief of Margaret Alguire Kernaghan.—Mr. McCleave.

Bill No. SD-207, for the relief of Georges Albert Hetu.—Mr. McCleave.

Bill No. SD-208, for the relief of Francisca Catharina Sanders Simard.—Mr. McCleave.

Bill No. SD-209, for the relief of Yolande Robert LeBel.—Mr. McCleave.

Bill No. SD-210, for the relief of Joseph Anthime Roland Bock.—Mr. McCleave.

Bill No. SD-211, for the relief of Clarence Joseph Reilly.—Mr. McCleave.

Bill No. SD-212, for the relief of Elizabeth Christina Law MacNab.—Mr. McCleave.

Bill No. SD-213, for the relief of Frank Joo.—Mr. McCleave.

Bill No. SD-214, for the relief of Eileen Annie Elizabeth Stonebridge Hopkinson.—Mr. McCleave.

Bill No. SD-215, for the relief of Giuseppe Fusari.—Mr. McCleave.

Bill No. SD-216, for the relief of Jean Adolphe Abel Mathys.—Mr. McCleave.

Bill No. SD-217, for the relief of Catherine Regina Hearn Cullen.—Mr. McCleave.

Bill No. SD-218, for the relief of Richard Cloutier.—Mr. McCleave.

CANADA ELECTIONS ACT

AMENDMENT TO PROHIBIT PUBLICATION OF STRAW POLL RESULTS

Mr. Arnold Peters (Timiskaming) moved the second reading of Bill No. C-19, to amend the Canada Elections Act (publication of straw poll results).

He said: Mr. Speaker, the purpose of this amendment is to prohibit and make punishable as an illegal practice the publication in any manner before election day the result of straw polls or polls on the political opinions of the electors. The proposed amendment does not prohibit the taking of such polls for private purposes and it should be pointed out that we in this group have no objection to the taking of polls of political opinions of the public. We have no objection to the taking of such polls in high schools or public schools or in any other places but what we do object to is the publication of the results of those polls to be used for purposes other than that for which they were intended when the poll was originally taken. Some consideration has been given to this matter by other countries and by certain provinces in Canada, which have passed legislation prohibiting such use of polls.

Something should, I think, be said with regard to what may be accomplished by the taking of polls and the results which sometimes may be found from the conducting of them. We all know of cases where questions are asked of the general public which are very innocent in nature but by the time the results of such polls are used by certain advertising agencies and implications are drawn from them, the information presented to the public does not necessarily represent the opinions expressed by the participants in the poll. There is actually no guarantee to the Canadian people that such polls are taken on a regular sample basis; the people who are asked questions may or may not be representative of Canadians as a whole.

One of the problems facing our people in respect to politics is the fact that an increasing number of people appear to be interested in or concerned with being on the winning side and when a poll is conducted they have a tendency to make the predictions made by a poll come true because they wish to be on the winning side and so vote in accordance with the indications of these polls. A good example of what can happen from the improper conducting of a poll was the case during an election in the United States. At that time a poll was conducted as to the public opinion with respect to whether the future president of the United States would be a Republican or a Democrat. The general result of the poll suggested the vote would be in favour of the opposition of Mr. Truman to the extent of 12 per cent. On page 663 of volume 2 of "A History of the American People" by Harry J. Carman and Harold C. Syrett, it says:

> Throughout the campaign the so-called—and often self-styled—experts, the newspapers, and the professional poll takers were unanimous in their predictions of a sweeping Republican victory.

This volume continues on page 664 as follows:

> On the day after the election Truman almost alone could take credit for engineering the most stunning upset in the history of American presidential elections.

This was one case where the poll in fact indicated an incorrect trend although it resulted in little change in the general attitude of the voting public of the United States. It does, however, point out that polls are not necessarily true expressions of opinion and therefore while we should allow them to be taken because they do serve a useful purpose, we should prevent their results from being made public during an election campaign.

We would like to extend this principle to the schools. The practice is becoming quite widely adopted of conducting polls in public schools and in my area the public school children are allowed to conduct an election on election day while they are not allowed to do so three or four days beforehand because this might have some effect on the opinion expressed on election day. In British Columbia some action has been taken on this matter and an amendment has been introduced to the elections act in that province, namely section 168, which reads as follows:

> 168. No person, corporation, or organization shall, after the issue of the writ for any election, take any straw vote which will, prior to the election, distinguish the political opinions of the voters in any electoral district.

This was passed in 1939 and has worked very satisfactorily in British Columbia and we are suggesting similar legislation be introduced by the government of Canada. I am quite sure there will be some expression of opinion on this matter and I will not now take any more time but will allow the house to decide whether it will vote on this bill today.

(Translation):

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, it is always interesting for a new member to examine bills introduced by opposition parties during a first session.

While we are considering the bill introduced by the hon. member for Timiskaming (Mr. Peters), I should like to say that in the first place, we should ask ourselves whether the action taken by the hon. member opposite has not been influenced by the results of the last federal election. While the result of the last election campaign was not very favourable to the party he represents, I trust the hon. member for Timiskaming is rather more interested in the principle at stake. I must therefore congratulate him on introducing this bill.

We must realize that the straw votes or public opinion polls conducted prior to election campaigns cannot indicate with any degree of accuracy the actual facts and the state of public opinion.

We know, and the hon. member did point that out at the beginning of his remarks, that in certain countries the results of public opinion polls conducted for the purpose of determining public feeling prior to voting day were not vindicated by the results of the vote itself.

We also are aware of the fact that election campaigns should be carried out in an atmosphere of calm and serenity. We see by the Canada Elections Act, particularly with refference to those days which immediately precede voting day, that the lawmaker's intention was that the people be put in a position to analyse with as great a degree as possible of calm and serenity the various political platforms submitted to their approval as well as to judge at their proper value the men who are seeking to obtain endorsation through universal suffrage. That is why I feel convinced that the proposed legislation introduced by the hon. member opposite is very much in line with that atmosphere of calm, serenity and balance in which any election campaign should, in fact, take place.

It can be claimed that straw votes, public opinion polls are more likely to foster the ambitions of the various political parties than to enlighten public opinion to any substantial degree.

I remember, among other things, that in the province of Quebec, during the last election, a certain newspaper asked its readers to send in their opinions with regard to the probable outcome of the vote. This newspaper having compiled various letters and communications from its friends and subscribers proceeded to publish first rate articles —in large type, of course—in an attempt to show that the views of those friends and subscribers were, in fact, a true indication of public opinion in a certain area, in the province or even in the country.

This shows that straw votes, or public opinion polls are not based on a fair sample of citizens, a representative cross-section of the people, but that on the contrary, especially when they are conducted by newspapers or propaganda agencies and involve friends and subscribers of those organizations, they provide results which have very little to do, if anything, with the current state of public feeling.

Indeed, we have seen that, in the course of history, some countries ruled by dictators, have benefited from such artifice. If we recall Hitler's career, we remember that he prepared his elections by resorting to such manoeuvres and that he did so with a great deal of acumen and flexibility, so that the voter was not left to himself facing his conscience, and weighing with a calm and balanced mind his final opinion of the actual value of party programs or candidates. Well, by such excessive campaigning, he influenced voters and public opinion singlemindedly as to the actual value of his political program.

Here in Canada political parties favouring the universal vote are placed in a position perhaps more peculiar than in other countries, for our economy varies according to the area where we live. Because of Canada's geographical conditions, Canadians face different issues. For instance those living in the west or in British Columbia have to solve problems relating to industry and fishing. In the more central part of the west we have the issues of farming and agriculture. In Ontario and in the province of Quebec there are problems concerning industry and labour, while in the maritimes the problems of thermal stations, of fisheries and of shipbuilding take the spotlight.

We see therefore that because of the geographical configuration of our country, the Canadian citizen who wants to form his own opinion and study the various policies, must first consider every issue from various angles, always taking into account the province or the area where he lives. Now those propaganda organizations talk only in figures, without giving any substantial or constructive idea. They are often content to publish figures in support of this or that party. Needless to say that when a survey is limited to a certain district, the citizens of that area, because of geographical differences will not always be able to share, with regard to our commonweal, the opinion of those other Canadians who live outside that area or at the other end of the country.

That is why we have witnessed during the last election a propoganda which did not adequately inform our people. I believe those publicity and propaganda agencies should rather try to explain the economic and industrial problems of Canada, instead of just luring people with figures which do not give a real picture of the Canadian way of thinking.

In the last election campaign—as would have been the case in any other—Canadian citizens should have been informed of the problems facing the country. This way, Canadians could have been told of the situation of the textile industry, which is vital for many cities in the province of Quebec. In fact, several cities of that province depend upon the textile industry, as it employs more than 47,000 workers. Those propaganda agencies could have provided our citizens of the areas concerned with interesting data, constructive ideas about that industry, explaining the origin, history and cause of the slump, while suggesting at the same thing the appropriate remedies to improve the situation in that field.

Mr. Speaker, I believe that during an election campaign, the propaganda organizations should endeavour to keep Canadians informed of the very basis of our government, its various fields of activity, as well as about the Canadian constitution of 1867.

I feel that several members of the house realized, during the last election campaign —as was the case in previous campaigns— that very few Canadians are aware of the provisions under which the Canadian constitution allows the federal government to exercise powers in certain fields, while granting provinces perfect freedom of action in others, and putting municipalities in a position to meet their respective obligations. Consequently, propaganda agencies should endeavour, during any election campaign, to inform the Canadian citizen, so that he may be aware of the industrial and economic problems facing his country, as well as of the constitution which governs him. He would then be in a better position to assess the political platform of the various parties because, after all, propaganda should seek to educate, and this it cannot do by merely showing figures that do not mean much for, while they might reveal trends or policies, they do not explain the various grievances upon which the Canadian population is called upon to decide.

That is why, Mr. Speaker, I take pleasure —as I said at the beginning of my remarks— in congratulating the hon. member for Timiskaming, for raising, by means of his bill, a principle which is well in line with the general principles of the elections act, which demand that, during any election campaign, both male and female electors enjoy full freedom of thought and full liberty of conscience, in order that they may better understand the Canadian problems and the political platforms which are presented to them in those important circumstances.

Mr. Georges Valade (St. Mary): Mr. Speaker, by taking part in the discussion of this bill I shall most probably ruffle the feelings of my colleague from Sherbrooke (Mr. Allard).

If I correctly understand the purpose of Bill C-19, it merely consists in amending the Canada Elections Act by adding the following sentence:

> After the issue of the writ for an election, or after the dissolution of parliament or the occurrence of a vacancy in consequence of which a writ for an election is eventually issued—

That, as I see it, is what the sponsor of this bill wishes to add to section 108, subsection 1, chapter 23 of the Revised Statutes of Canada, 1952, which at present reads as follows:

> No person, company or corporation shall, in any province and before the hour of closing of the polls in such province, publish the result or purported result of a straw vote or poll of the political opinions of the electors or any of them in any electoral district or districts in Canada, whether such publication is by radio broadcast, or by newspaper, news-sheet, poster, bill-board, handbill or in any other manner; any person contravening the provisions of this subsection (and in the case of a company or corporation, any person responsible for the contravention thereof) is guilty of an illegal practice and of an offence against this act.

Mr. Speaker, if I correctly understand this bill, it seems to me superfluous because it makes no change whatever in the elections act; it merely adds a few words to the provisions of that legislation. I feel that our opponents will certainly not achieve their purpose by amending the act along the lines of the bill introduced by the hon. member for Timiskaming.

In any event, Mr. Speaker, we were happy to read in last week's newspapers that according to a poll conducted recently in this country, the Conservative party is increasingly popular. This has had no effect whatever on the results of the March 31 elections.

I think I have a pretty fair idea of the real purpose behind the proposed amendment. I wonder, not without some anxiety, if our hon. friends of the "group"—to use the words of the hon. member for Vancouver East (Mr. Winch)—are not somewhat afraid of public opinion. Knowing full well that they do not enjoy a great deal of popularity in this country, they obviously must make every

attempt to limit, among the people of this country, the results of the very restricted popularity they enjoy.

I would feel remiss in my duty, Mr. Speaker, if I were not to pay some tribute to the value of public opinion polls. I am convinced that many of my colleagues in this house share my views on this matter. Public opinion polls are the basis of true democracy, devoid of any taint of socialism, whatever form this socialism may take. Moreover, Mr. Speaker, I believe that public opinion polls serve to prove the freedom of opinion enjoyed in a truly democratic country and that, further, it confirms the liberty of the press in this country.

Those, Mr. Speaker, are some of the reasons why I do not welcome the proposed amendment to the Canada Elections Act. By proposing such a legislation, it is obvious that certain political persons can gain a certain amount of newspaper publicity.

If our friends believe they are harmed by those public opinion polls, all they have to do is to ask for enforcement of sub-section 1 of section 67 of the Canada Elections Act. They will find there essential factors protecting their popularity, if they feel concerned.

I do not believe, Mr. Speaker, that by bringing this amendment to the Canada Elections Act there is any other purpose than to suggest very sincerely that those reports are liable to influence people. There certainly is no undue influence in those popular polls because section 67 provides for such cases during an election campaign, and could be invoked to forbid their publication. If my hon. friends of the small group of the opposition will allow me, I will read that section:

> 67. (1) Every person is guilty of the corrupt practice of undue influence and of an indictable offence against this Act punishable as provided in this Act, who, directly or indirectly, by himself or by any other person on his behalf, makes use of, or threatens to make use of, any force, violence or restraint, or inflicts, or threatens the infliction,....

I will not read the rest of the section. I only wanted to draw a parallel between the provision of section 108 of the act and the undue influence to which my hon. friends seemed to refer.

Mr. Speaker, I do not see how those public opinion polls can in any way influence the vote. I have more confidence than that in the integrity of the Canadian electorate. I am convinced that nobody would let his vote be influenced by glancing, on occasion, with a bit of discretion, at the results of those popular polls. People want to be informed, and I believe that it is the duty of the newspapers to inform them. A poll does not constitute propaganda. The report of a public opinion poll is only the announcement that, in some measure, a percentage of the population declared itself for or against a political party or politician.

I do not think that these polls can prejudice our friends in any way because people very often consider not so much the results of such popular polls but rather the programs and the candidates. That is why the Canadian people sent 208 Conservatives to this house in the last election. Therefore we see that the result of the public poll taken before the last election gave the facts and that the survey was neither inaccurate nor dishonest. I heard the hon. member who moved this bill talking of criticisms directed against the Gallup poll after the election campaign of Mr. Truman in 1948. However this just proves that such surveys of public opinion do not in any way change individual conviction, for even if those polls did not favour former president Truman, the result showed that the personal opinion of each voter was worth more than such public survey.

Mr. Speaker, I made these remarks because, though I am not opposed to this bill, I do not see any use in it. Without wanting to influence anybody, I believe this bill should not have been submitted to this house this afternoon.

Mr. Rouleau: Will the hon. member who just sat down allow a question?

Mr. Valade: I will allow you many more than you would allow me.

Mr. Rouleau: I did not quite catch the hon. member's answer but does he allow a question?

Mr. Valade: Yes.

Mr. Rouleau: As the hon. member is in favour of public opinion polls, does he also approve the public poll with regard to what has recently happened in respect of natural gas in the province of Quebec?

An hon. Member: Some of your friends have bought some.

Mr. Valade: I accept the hon. member's question. He might get information from Liberal members who have bought some of those shares.

(Text):

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, speaking in all frankness, at this very moment, I find myself sitting squarely on the horns of a triple dilemma. I do not know whether this bill has been prompted by a sense of seriousness, sour grapes or regret but, at any rate, we have to deal with it. I would like to point out, as previous speakers have done, that on two notable occasions, namely an election in the United States of America in 1948, and our own election on June 10 of last year, the public behaved in a way exactly opposite to that indicated in the Gallup polls.

I would like to submit very briefly, Mr. Speaker, that in my opinion this bill denotes more than a modicum of paternalism on the part of that group. It displays the C.C.F.'s normal lack of faith in human nature and it is an attempt to legislate on a quasi moral basis. Frankly, I find it very hard to believe that this bill is put forward in a spirit of real seriousness. I would only submit that, in my opinion, it constitutes a violation of our inalienable right of speculation and on this basis I would like to say in brief that I cannot support the bill.

Mr. R. J. McCleave (Halifax): Mr. Speaker, this is one of five bills before us this session which I believe are legacies of the former member for Winnipeg North Centre and all dealing with proposed amendments—

Mr. Herridge: Not this one.

Mr. McCleave: —to the Canada Elections Act. I hear my hon. friend opposite say that this is not one of his legacies. I am very happy to hear that. I have always thought that Mr. Knowles was a man of great intelligence and to know that this was propounded by someone else confirms me in my original belief.

If the House of Commons were to accept Bill C-19 we would be striking a massive blow at the freedom of the press.

Mr. Winch: Do you agree with the Progressive Conservative support of an election bill in British Columbia?

Mr. McCleave: May I read an extract from the bill which is before us:

> No person shall publish the result of a poll of the political opinions of the electors in any electoral district in Canada.

These are the words that are in the bill; there are others in between them, but assuming that this bill should pass the words I mentioned would make it impossible for the members of the press gallery, for example, to assert their right, as they have in the past, to travel about from one end of Canada to the other, to be wrong about the results of an election, or for that matter to be right. It would prevent them going forth asking questions, as is the normal custom of reporters, to find out how Canadians think about elections. I think it would be a very serious thing if we were to cramp these gentlemen of the press by passing such a measure as this. But, apart from the freedom of the press, there are other very grave objections to a bill of this kind.

Again, according to the subsection proposed, it would be an offence if any one of us were to write a letter to anybody else in Canada making some prediction or forecast about the result of an election. This brings me to a very grave form of objection. If we are to have a law we may as well have a law that can be enforced. It would seem to me to be a very difficult matter for the mounted police to run on the tail of all the reporters making the rounds to find out how they think the Canadian people feel about this, that or the other political party. As to the censorship that would be involved in the mail were you to send election guesses through the mail, it would be a terrific job. Under this section you would be committing an offence and we, of course, should not have the mails used for committing offences. Then, it would mean that almost every person in Canada would be up for violation of the section.

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

Mr. McCleave: Yes.

Mr. Herridge: Does the hon. member repudiate the expressed views of the Progressive Conservative members of the legislature of British Columbia who supported this principle in a bill covering elections?

Mr. McCleave: That is a fair question and if my hon. friend will send me over an exact copy of the bill that was passed by the British Columbia legislature I shall be glad to answer it.

Mr. Badanai: You should know.

Mr. McCleave: Since it is coming up to six o'clock, I shall be glad to answer him privately and put my views on paper before him. May I call it six o'clock, Mr. Speaker?

Mr. Winch: I am sorry, you cannot call it six o'clock.

Mr. Speaker: The house does not agree to your calling it six o'clock.

Mr. McCleave: Mr. Speaker, the question proposed by the hon. member for Kootenay West is whether I agree with the philosophy of the Progressive Conservative members who supported a similar bill in the legislature of British Columbia.

Some hon. Members: Six o'clock.

Mr. Winch: It now being six o'clock, the hon. member can sit down.

Mr. Speaker: It being six o'clock the house will revert to the business which was interrupted at five o'clock. With the permission of the house may we return to committee of the whole on the matter which was under consideration at five o'clock?

Some hon. Members: Agreed.

FINANCIAL ADMINISTRATION ACT

AMENDMENTS TO AUTHORIZE DELETION OF CERTAIN ACCOUNTS, CLARIFY ISSUE OF GOVERNOR GENERAL'S WARRANTS, ETC.

The house resumed consideration in committee of the following resolution—Mr. Fleming (Eglinton)—Mr. Rea in the chair:

That it is expedient to introduce a measure to amend the Financial Administration Act to authorize the deletion from the accounts of obligations or debts due to Her Majesty or claims by Her Majesty that do not exceed twenty-five dollars; to clarify the circumstances in which special warrants signed by the governor general may be issued; to permit a crown corporation to establish a receiver general account with ministerial approval and to authorize the payment of interest on money placed to the credit of such an account; and to provide for certain consequential changes in connection with the administration of the act.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Herridge: Just prior to five o'clock, Mr. Chairman, when the house considered private bills, I had given vocal indication I wished to say a few words on this resolution on behalf of this group. I might say that we support the resolution, in principle, and anticipate the bill. This resolution provides for the introduction of a bill to make certain amendments to the Financial Administration Act. I notice most of these amendments are somewhat minor in character, generally speaking, but there is one amendment provided for that does interest this group particularly, and I judge from the remarks of the hon. member for Kenora-Rainy River interests his group also, and that is the amendment to clarify the circumstances in which special warrants signed by the governor general may be issued.

I cannot read the word "clarified" without thinking of the former member for Cape Breton South because that was a favourite phrase of his when he was in this house, when he was trying to get the government to clear up some misunderstanding with respect to legislation. I believe, from the point of view of this group, this is an important part of this legislation, particularly in view of the government's action last session and the large amounts that were passed under governor general's warrants and in view also of the failure of the government to include a certain warrant in the estimates of citizenship and immigration. I am sure the minister will recall the afternoon and evening debate that occurred on the estimates of the Department of Citizenship and Immigration because of the failure of the government to include in those estimates a certain estimate provided for by a governor general's warrant. I presume that while at the time the efforts of this group in that respect seemed somewhat futile, and the response from the government side of the house was negative, the introduction of this resolution would indicate that some afterthought caused the government to give a second consideration to their former actions.

As I said before, we are interested in this question of clarifying the circumstances in which a special warrant signed by the governor general may be issued. I think not only we in this group but a good many members of this house and, during the last year, a very great many people in the country, were seriously concerned about this matter. I am not questioning for one moment that the government did find itself in somewhat unusual and particular circumstances, and found it necessary on occasion to issue these governor general's warrants for very large sums of money. But the circumstances were such as to cause a certain amount of eyebrow raising and concern across this country by people who give consideration to the proper recognition of the rights of parliament, and a recognition of the proper procedures, and so on. We are very glad, therefore, the government has introduced this resolution.

However, to indicate the concern, I am simply going to quote from an article that appeared in one newspaper, and similar

articles appeared in newspapers across Canada. I should like to quote from the Ottawa *Citizen*, February 17, 1958, shortly after parliament was dissolved and we had all gone home anticipating an election. The article is headed "Bypass Parliament with Half-Billion in Single Warrant". I should like to quote from it briefly:

> Largest single governor general's warrant ever issued in Canada—$544,290,332.32—has been received by the Diefenbaker government.
>
> By issuance of a warrant covering practically the full balance of the appropriations asked of parliament in the 1957-58 estimates, and the supplementary estimates to go with them, parliament is being bypassed completely.
>
> The only way parliament will have to deal with this half-billion is when public acounts are presented more than a year hence, after all the money is spent, unless the government elected March 31 chooses to get parliamentary approval in some other way—
>
> No additions to the estimates have been included in it but there are certain important deletions from them including one of $103 million which former finance minister Harris put in to cover the deficit on the old age security fund. This $103 million will not now show in the accounts for the current fiscal year and will either increase the surplus or reduce the deficit for the final accounting on the fiscal year.
>
> The government is said to have decided that there was no precedent for covering such an expenditure by issuance of a governor general's warrant.

Then, there is one more short paragraph headed "Difference in 1940 Warrant":

> One has to go back to 1940, the first full year of the war, to get a warrant of a size even remotely approaching the present one. But even there there was this important difference:
>
> The 1940 warrant did not cover expenditures up to the end of the fiscal year which meant that when parliament was asked to vote the money for the last month it could examine every item in detail if it wished.

I quote that to indicate the criticisms that occurred in newspapers across this country and which I think did reflect the concern of thinking people with these procedures, and with the securing of governor general's warrants shortly after parliament had been dissolved for such large sums of money.

I said, Mr. Chairman, we were going to be very brief at this stage. We look forward to the bill, and we will reserve the greater part of our discussion until we have the bill in our hands, and after we have had an opportunity for close scrutiny of the proposals contained in this measure.

Mr. Pearson: Before this resolution carries may I say that in so far as it deals with methods of tidying up some of the financial procedures that have been carried on in the past I think it is a useful bill and will be supported on this side. But as has already been indicated, we have a special interest in that part of the resolution which deals with a very important, and certainly last January, a very controversial question, that is governor general's warrants.

We should like to be assured, and we hope the bill will give us that assurance, that procedures will be laid down which will ensure that these warrants can be given full parliamentary consideration in the future, and given the consideration which we felt was not given last January. I should add that this kind of consideration was always given when we were in office because I think we were scrupulous in insisting that when governor general's warrants were utilized there was a method adopted by which parliament could always consider and pass upon them. The hon. member for Kenora-Rainy River before six o'clock did suggest that perhaps it would be a good thing to have this bill go before the public accounts committee for scrutiny. No doubt the minister will be considering that suggestion.

But apart from that, Mr. Chairman, we remind the minister, as no doubt he was reminded before six o'clock, that there is a specific statement on the record by the Prime Minister to the effect that the committee on public accounts would be set up for the purpose, amongst other things, of considering governor general's warrants. I refer to page 34 of *Hansard* for May 13, 1958 where the Prime Minister said:

> We intend to set up this committee;—

That is the public accounts committee.

> —we intend to have an examination of the expenditures made under governor general's warrants.

He must have meant an examination before that committee. He went on to say this:

> It is not a question of amount. There were governor general's warrants issued and passed and my reading of the record does not indicate that the stand we are going to take whereby the expenditures were made available to a committee of the house for complete examination was taken in the past.

Hence from that statement of the Prime Minister we have the right to assume that if and when this bill is passed the governor general's warrants with which we are concerned at the present time and which have not been considered by this house will be referred, as the first item or as an early item of business, to the public accounts committee as stated by the Prime Minister on May 13 last. We should like to get from the minister an assurance that this course will be followed.

Mr. Fleming (Eglinton): Mr. Chairman, I am not prepared to confirm the precise reading that the Leader of the Opposition has put upon the statement of the Prime Minister

on that occasion. He is reading that statement as saying that the warrants are going to be referred to the public accounts committee. If you will have regard to what was said on May 13 and May 14 by myself on the same subject, Mr. Chairman, you will see set out in some detail the procedure that is intended to be followed.

Any expenditure that is made, whether in pursuance of an appropriation by act of parliament or in pursuance of an appropriation by warrant, of course, falls within the ambit of review by the public accounts committee when reported to the house in the public accounts in the ordinary course. Certainly the expenditures made by warrant in the months of February and March as well as in April and the first half of May of this year will in due course fall within the ambit of the public accounts committee after the Auditor General has completed his normal audit. That is a different matter, however, from the task that will confront the house at the present session of dealing with warrants in a different context.

As was indicated by the hon. member for Kenora-Rainy River this afternoon, what is looked for and what I indicated in my remarks on May 13 and 14 as the intention of the government is to bring in a measure which will deal with the supply for the year 1957-58 including the warrants in a manner that will afford the house the fullest opportunity to go over the supply item by item. That is another measure. It is not the measure before us now.

What we are dealing with now is a resolution contemplating the amendment of the Financial Administration Act, for the future, dealing with the kind of situation we have encountered this year and to clarify the law in all respects so that in future neither parliament nor government will be left in any question as to what is the course that should be followed in a situation where it is necessary to provide for a needed expenditure under urgent circumstances by governor general's warrants. The situation about which the Leader of the Opposition was talking is one that is quite outside the scope of the present resolution. I expect within a few days to be bringing before the house a resolution which will deal with that subject and which will afford to hon. members an opportunity of reviewing the items that enter into the supply for 1957-58, including warrants.

Mr. Pearson: Perhaps in a narrow, technical sense the point that I raised may not be related directly to the resolution which my hon. friend has introduced. But that resolution deals with governor general's warrants; and it seemed to me to be appropriate to refer at this time to the statement of the Prime Minister which does not bear any other reasonable interpretation than the one I have given when he said:

> We intend to set up this committee;—

That is the public accounts committee.

> —we intend to have an examination of the expenditures made under governor general's warrants.

The only expenditures made under governor general's warrants about which he could have been thinking were those made by the government in the last twelve months. Those must have been the expenditures which he said would be referred to this committee which was about to be set up. My hon. friend said that he is going to introduce another resolution on this subject which will indicate how these governor general's warrants are to be dealt with in order to ensure that parliament will be given the full right of discussion. All I am suggesting—and perhaps he will bear this in mind—is that in that resolution we would expect some provision to be made for the discussion of these warrants in the public accounts committee because that is what we were led to believe would happen when the Prime Minister made that statement.

Mr. Fleming (Eglinton): I think I should remind my hon. friend that accounts are referred to the public accounts committee under the procedures of this house only after they have been audited by the Auditor General. The public accounts that go to the public accounts committee are those which have been audited by the Auditor General and are accompanied by his report. They will be available in due course when he completes his audit of the accounts in question. However, I doubt very much whether they will be ready for this session, unless we are here for a very long time. I can give my hon. friend the assurance that the measure which, as I have indicated, I expect to be introducing in a few days will fully reserve the rights of the public accounts committee to review all expenditures when audited in the ordinary course by the Auditor General. That measure will take nothing away from the well-established rights of the public accounts committee.

Mr. Pearson: I take it that my hon. friend is suggesting that provision will be made for discussion of these governor general's warrants in this session in an appropriate way by parliament.

Mr. Benidickson: The 1957-58 warrants.

Mr. Pearson: Yes; the 1957-58 warrants.

Mr. Fleming (Eglinton): That is what I have been trying to say for some time, Mr. Chairman.

Mr. Pearson: Yes; but my hon. friend is also presumably suggesting that the governor general's warrants referred to by the Prime Minister on May 13 are governor general's warrants which will be available for discussion also in the public accounts committee when they become part of the public accounts. Presumably that means a year from now. By that does he mean that we shall have a chance to discuss these governor general's warrants now in the House of Commons and, if that is the case, that we shall have another opportunity to discuss them as part of the public accounts a year from now?

Mr. Fleming (Eglinton): Yes, my hon. friend will have the double right. He will have his opportunities heaped up to the brim and running over. I wish to leave no doubt in my hon. friend's mind on that matter. The measure that will be brought in will undoubtedly afford the house an opportunity to discuss item by item the supply for 1957-58 that has not already been voted, including warrants for 1957-58.

Mr. Pearson: That is the interpretation then that my hon. friend is giving to the Prime Minister's statement.

Mr. Fleming (Eglinton): That is precisely what I said myself in reviewing this subject in greater detail on May 13 and 14. I dealt with this matter at some length and my friend the hon. member for Kenora-Rainy River this afternoon was referring to my remarks.

The Chairman: Shall the resolution carry?

Some hon. Members: Carried.

Mr. Pickersgill: No, Mr. Chairman. I think the minister might take us a little bit further along the road and tell us precisely what technique is going to be followed in this measure that he is going to bring in to provide for the consideration of these warrants. It is an unusual thing the minister is doing. It is something that has never been done before. It is very closely related to this measure. The minister need not fall back on the strict rules because there are plenty of precedents in this house established by the previous administration for the government taking the house into its confidence in order to get one measure through quickly, and telling us precisely what the contents of another resolution are going to be. A great deal depends upon the technique. We were told on February 1 that the present Financial Administration Act was perfectly adequate, that no change was contemplated. In fact the minister's own words were that it is crystal clear. Now he is bringing in a bill in respect to a measure which he says lacks clarity.

Mr. Fleming (Eglinton): You are talking about two different things.

Mr. Pickersgill: No, if the minister will refresh his memory he will find it is precisely the same thing but, of course, as we know, the minister's memory has frequently failed him since he crossed the floor. However, I believe the passage of this bill might be expedited if the minister would take us into his confidence and tell us the technique which is going to be used in the measure he wishes to bring down.

Mr. Fleming (Eglinton): I have already quite fully indicated to the house the steps which will be taken in order to ensure to the house a full opportunity to deal with the items in the 1957-58 supply, including warrants, in so far as those items have not already received the approval of parliament. We are dealing with a measure to amend the Financial Administration Act and it would not perhaps be proper on my part to go any further than I have already gone; in fact, I think I may have already gone further than is proper in indicating the steps the government proposes to take to ensure to parliament the full opportunities requested and of which the government gave assurance on May 13 and 14 and again today.

The details of the procedure will be clearly spelled out when the resolution is before the house, which I have already indicated we expect to be in a matter of a few days.

Resolution reported and concurred in.

Mr. Fleming (Eglinton) thereupon moved for leave to introduce Bill No. C-43, to amend the Financial Administration Act.

Motion agreed to and bill read the first time.

WAYS AND MEANS

The house in committee of ways and means, Mr. Sevigny in the chair.

EXCISE TAX ACT

Resolved, that it is expedient to introduce a measure to amend the Excise Tax Act and to provide, among other things:

1. That the sales tax on the following goods be repealed:

(a) certain building materials, as follows:

(i) chimneys for buildings, not including fireplaces;

(ii) cornice, frieze, pilasters and other units or members of wood milled for use as structural or architectural building components, not including assembled or unassembled cabinets, counters, cupboards, furniture, ironing boards, work benches and similar installations;

(iii) ash handling and fuel handling equipment for use with furnaces for the heating of buildings, when connected directly to such furnaces and installed in the same building as such furnaces;

(iv) fuel oil tanks for use with furnaces for the heating of buildings and connected directly to such furnaces;

(v) latch sets, master key cylinder blocks, knobs and hinges;

(vi) hard surface plastic laminated building materials;

(vii) underlayment material for hard surface floor coverings for permanent bonding to floors;

(viii) articles and materials to be used exclusively in the manufacture of the foregoing.

(b) certain goods sold to or imported by municipalities for their own use and not for resale, as follows:

(i) culverts;

(ii) structural aluminum for bridges;

(iii) fire truck chassis for the permanent attachment thereon of fire fighting equipment to be used directly in fire fighting;

(iv) fire hose including couplings and nozzles therefor;

(v) diesel fuel oil for use in generating electricity;

(vi) goods for use as part of sewage and drainage systems;

(vii) articles and materials to be used exclusively in the manufacture of the foregoing.

(c) certain agricultural, horticultural and forestry goods as follows:

(i) stock conditioners, condiments and food supplements for addition to poultry, cattle and other stock feeds;

(ii) goods enumerated in Customs Tariff item 417:

"Machinery and apparatus and complete parts thereof and structural iron and steel, of a class or kind not made in Canada, when imported for use exclusively in the construction or equipment of factories for the manufacture of sugar from beetroot, or for receiving sugar beets, under regulations prescribed by the Minister;"

(iii) individual tree guards and tree protectors not exceeding thirty-six inches in height;

(iv) cut flowers;

(v) materials to be used exclusively in the manufacture of grain or seed cleaning machines and parts thereof;

(vi) rodent poisons.

2. That the present exemption for fruit juices which consist of at least ninety-five per cent of pure juice of the fruit be extended to fruit juices consisting of at least eighty-five per cent of the pure juice of the fruit.

3. That the wording of the exemption for "bases or concentrates for making beverages other than soft drink beverages" in Schedule III be changed to read:

"Bases, not including fruit or imitation fruit bases, for making non-alcoholic food beverages; fruit bases or fruit concentrates for making beverages, when sold in containers not exceeding ten ounces and consisting of at least eighty-five per cent of pure juice of the fruit."

4. That the wording of the exemption for "flavouring extracts" under "Foodstuffs" in Schedule III be changed to read:

"Food flavouring extracts, emulsions and powders, not including those for beverages."

5. That the exemption for desks and chairs specially designed for class room use when sold to educational institutions be extended to apply to chalkboards, desks, tables and chairs, excluding upholstered chairs, without the requirement that they be specially designed for class room use.

6. That the exemption for fire brick, plastic refractories, high temperature cement, fire clay and other refractory materials be extended by removing the present condition requiring them to be "for use exclusively in the construction or repair of a furnace, kiln or other equipment of a manufacturing establishment".

7. That the exemption for materials consumed or expended directly in the process of manufacture or production of goods be clarified and brought into line with the exemption for fuel for lighting or heating, which excludes fuel for use in internal combustion engines.

8. That advertising sheets, local bulletins, local circulars and similar publications be excluded from the exemption for newspapers unless they have qualified as a newspaper enjoying second-class mailing privileges.

9. That certain goods enumerated in Customs Tariff item 848 continue to be exempt from sales tax by listing in Schedule III of the Act the following Tariff items under which these goods are being regrouped by Customs Tariff Resolutions:

399a, 399b, 399c, 848, 848a, 848b.

10. That payments under section forty-seven of the Act to the institutions for children and aged, infirm or incapacitated persons to which that section applies, be increased

(a) by enlarging the class of such institutions eligible to receive such payments by removing the present requirement that the shelter or care provided must be permanent or semi-permanent;

(b) by including in the payments an amount equal to the taxes paid on purchases made within two years prior to certification by the Minister of National Health and Welfare, and made by or on behalf of the institution in the course of construction during that period.

11. That the annual fee for sales and excise tax licences be abolished.

12. That the excise tax on special editions of non-Canadian periodicals imposed by Part II of the Act be repealed.

13. That any enactment founded upon this resolution be deemed to have come into force on the eighteenth day of June nineteen hundred and fifty-eight.

Mr. Pickersgill: I just want to take about 30 seconds of the committee's time to make reference to a speech made the other evening, if you could call it a speech, by the hon. member for St. Hyacinthe-Bagot—and I will not say Baghdad. The hon. member, when he finally got the bubble gum out of his mouth and got the maritime provinces straightened out—

Some hon. Members: Order.

Mr. Monteith (Verdun): Do you think that is funny?

Mr. Pickersgill: I do not think it is funny and I did not think it was funny when the hon. member for St. Hyacinthe-Bagot kept interjecting during my speech the other evening.

An hon. Member: If you spoke as well in French as he speaks in English you would be doing all right.

An hon. Member: Take your hands out of your pockets.

Mr. Pickersgill: It is obvious that the hon. Minister of National Health and Welfare was

not present and has not read the proceedings the other evening because the hon. member for St. Hyacinthe-Bagot was very much obsessed with bubble gum and, as I say, when he finally got the bubble gum out of his mouth and got the maritime provinces straightened out he suggested that I was objecting during my speech to these tax reductions. I of course did nothing of the kind; I said that one thing which was apparent to me was that they all appeared to be good in themselves but that they were a paltry substitute for the removal of the excise tax on motor cars and I am still of that view.

Mr. Herridge: Am I in order, Mr. Chairman, in making a few remarks—

The Chairman: If the hon. member would not mind waiting a few moments I believe we were discussing paragraph 1 of this resolution. Shall we now discuss paragraph 2?

Mr. Ricard: Before we proceed to paragraph 2, Mr. Chairman, I would like to refer to the remarks just made by the hon. member for Bonavista-Twillingate. I find that it took him a long time to stand up in the house and to say that what I pointed out was not correct. I think that he has been advised, because of the repercussions and the things which were said about the way he felt about tax reductions and about the way in which he was judged by the small people, to say such things in this house. That must be the only reason why he now stands up to say something. That is all I wish to say.

Mr. Pickersgill: The hon. member flatters me.

Mr. Fleming (Eglinton): I take it, Mr. Chairman, that we are now dealing with the resolution paragraph by paragraph. I make that suggestion as a contribution to an orderly discussion, and if that is the case, Mr. Chairman, as paragraph 1 is divided into three parts, (a), (b) and (c), perhaps you might wish to call them as 1 (a), then 1 (b) and then 1 (c)—if that meets with your approval.

The Chairman: Is the discussion on paragraph 1 (a) complete?

Mr. Benidickson: Mr. Chairman, I would like to ask the minister a question or two. I recall a very interesting speech made by the hon. member for Rosthern the other night, and, in reading some of these items he gave me the impression that he thought practically all the articles referred to were for the first time becoming exempt from sales tax. That of course is not the situation. For instance, chimneys for buildings, not including fireplaces, have always been exempt for buildings on the site and I think if hon. members will look at the next subparagraph, namely (ii), they will see that we are dealing with something very similar. It says:

> Units or members of wood milled for use as structural or architectural building components, not including assembled or—

And the word I emphasize is the next one—

> —unassembled cabinets, counters, cupboards—

And so on. I can understand that if cupboards and furniture and cabinets are manufactured off the site they might not be exempt from sales tax but I do not understand the word "unassembled" and my question is does the minister suggest that a cupboard cannot be built with lumber which is exempt on the site? If so we would not have any of these articles such as counters, cupboards, furniture, ironing boards and so on built from lumber exempt from sales tax if they were constructed on the site.

Mr. Fleming (Eglinton): The ordinary rule is that if it is constructed on the site it is exempt but this new exemption excludes cupboards, cabinets and other things when they are prefabricated. They have not been exempt when prefabricated.

Mr. Herridge: Before this clause is carried, I want to deal very briefly with (b) (v) which provides for the repeal of sales tax on diesel oil used by municipalities in generating electricity. Apparently it does not exempt diesel oil used by lumber companies or mining companies—

Mr. Fleming (Eglinton): Has the hon. member read the amendment? If he will look at *Votes and Proceedings* of yesterday, he will see on the third page the amendment I propose to introduce. The new paragraph 7a reads as follows:

> That diesel fuel oil when used in internal combustion engines used in logging operations and in the manufacture of rough lumber be made exempt.

Mr. Herridge: Does that include mining operations as well?

Mr. Fleming (Eglinton): Not mining operations; it applies to logging and lumbering.

Mr. Herridge: The minister has anticipated my recommendations 50 per cent, but I would still like—

Mr. Fleming (Eglinton): I wonder if the hon. member would mind waiting until we come to that particular item?

Mr. Herridge: I will wait until that time.

Mr. Benidickson: On this item 1(b), before getting down to the details we had some interesting observations from members of this party representing Fort William and Outremont-St. Jean. I will not repeat their remarks but simply say that some of us are a bit surprised, in view of the all-out statements of

the Minister of Finance when he sat on this side when he said all purchases of municipalities should be exempt from sales tax, that his proposals tonight are not broader.

I am concerned with this item of ordinary materials to be used exclusively for the foregoing, in particular the sewage and drainage system reference. We are all aware today that municipalities, of course, normally make expenditures of this kind, but frequently municipalities pass on to subdividers responsibility for putting in this type of municipal service, such as sewage and drainage systems. Of course, the cost of these is passed on to the home owners, either put on their original down payment, as is unfortunately the case in too many instances today, or amortized through the tax system. But I am wondering, when the municipalities, in their expenditures for sewage and drainage systems, are to be exempt from sales tax, whether or not the minister has considered, when the municipality imposes an obligation on the subdivider to undertake this service, the subdivider's expenditure will similarly be exempt from sales tax.

Mr. Fleming (Eglinton): Where sewers are installed by subdividers or contractors they may enter into a contract under which the pipe and equipment are furnished by the municipality and the contractor does the work of installation; or the contractor on finishing a job for which he has furnished the pipe and materials as well as the installation work may invoice the municipality separately for the work done and for sewer pipe and equipment sold to the municipality. The contractor would then apply for a refund of sales tax on the pipe and equipment he has sold to the municipality.

Mr. Benidickson: This would require that subdividers who are now providing these services should carefully look at the new law proposed, and they would have to make arrangements with the municipalities different from which they have been accustomed to do.

Mr. Fleming (Eglinton): In some cases that would be necessary.

Mr. Benidickson: On (c) this, of course, is an amendment to the farm and forest schedule of page 27 of the Excise Tax Act. I was wondering about the necessity for this amendment with respect to stock conditioners, condiments and food supplements for addition to poultry, cattle and other stock feeds. Does the administration consider that condiments and feed supplements are in addition to the item that already exists in the schedule for exemption, materials to be used exclusively in the manufacture of feeds for cattle, poultry and other stock and fur-bearing animals? Why does the administration be so narrow sometimes? I am not suggesting this is anything new, but why would that wording not be adequate?

Mr. Fleming (Eglinton): The act already provides exemption for poultry, cattle and other stock feeds, so these additives are already tax free when sold in manufactured feeds. That is the nub of the problem. This exemption is to cover these additives when sold direct to the farmer who mixes his own stock feeds.

Mr. Herridge: I want to congratulate the minister on that amendment, because it is becoming an increasing practice in order to lower costs and if the minister had not introduced this amendment the farmer would not have received the benefit of the exemption.

Mr. Fleming (Eglinton): I can assure the hon. gentleman that this government is the farmer's friend.

Mr. Nasserden: Number five. Does that include the elevators, or are they dealt with separately? Most of these seed cleaning plants have a little elevator to run the seed from one to another.

Mr. Fleming (Eglinton): I am sorry, but I did not hear the hon. member at all clearly. Did I hear him say that this was under number five?

Mr. Nasserden: Under (c). The fifth one under (c). I asked whether the elevators are included with the seed cleaning machine itself.

Mr. Fleming (Eglinton): Grain and seed cleaning machines and complete parts therefor are already exempt. Most farm machinery is also already exempt from sales tax and in their case the exemption also extends to the materials used in their manufacture. This change will place the exemption for grain and seed cleaning machines in line with the exemption for other farm machinery by providing that the materials used in their manufacture shall also be exempt.

The Chairman: Shall we proceed to No. 2?

Mr. Fleming (Eglinton): There is an amendment on 2 which I would ask my colleague the Minister of Public Works to move. It is an amendment of which notice has appeared already in *Votes and Proceedings*. It is to this effect:

That paragraph 2 of the Excise Tax resolution be amended by adding thereto the following words: "and concentrates thereof."

It simply adds three words at the end of paragraph 2.

Mr. Green: I so move.

Mr. Benidickson: What does this accomplish?

Mr. Fleming (Eglinton): This amendment moves a reference to concentrates from paragraph 3 to the present paragraph. This is done because it is probably not accurate to speak of a concentrate consisting of 85 per cent pure juice of the fruit as paragraph 3 does at the present time. When the juice is concentrated it becomes something different from ordinary fruit juice. For example the water content is reduced. This amendment makes it clear that concentrates of tax-exempt fruit juice will also enjoy the exemption.

The Chairman: Shall the amendment carry?

Some hon. Members: Agreed.

Amendment agreed to.

The Chairman: This completes the discussion on item 2. We will proceed to item 3.

Mr. Fleming (Eglinton): On 3 there is an amendment which appears in *Votes and Proceedings* which I would ask the Minister of Public Works to move. The amendment reads as follows:

That the present paragraph 3 of the excise tax resolution be deleted and the following be substituted therefor:

3. That the proposed wording of the exemption for "bases or concentrates for making beverages other than soft drink beverages" in Schedule III—

That is Schedule III of the act. I continue:

—be changed to read:

"Bases or concentrates for making food beverages but not including bases or concentrates for making soft drinks or alcoholic beverages".

Mr. Green: I so move.

Mr. Benidickson: Mr. Chairman, I recall in the past that the committee sometimes has difficulty with these matters. I have heard one or two hon. members who sit near me ask where they can find the schedule. The schedule, of course, is in pamphlet form and is also to be found at page 1251 of *Hansard* of June 17, 1958. The amendments appeared yesterday and I compliment the minister for putting them in *Votes and Proceedings*. They appear on page 1 of yesterday's *Votes and Proceedings*. I have no other questions at the moment.

The Chairman: The committee has heard the amendment. Is it the pleasure of the committee to adopt the amendment?

Some hon. Members: Agreed.

Amendment agreed to.

The Chairman: Does that complete the discussion of paragraph 3? Is there any discussion on paragraphs 4 or 5?

Mr. McIlraith: I have a question on paragraph 5, Mr. Chairman. I wonder if the minister would explain the requirement in paragraph 5:

—the exemption for desks and chairs specially designed for class room use.

Why must they be specially designed for class room use? Suppose they are of ancient design and it is not known why they were designed originally. What is the significance of that qualification?

Mr. Fleming (Eglinton): Those are the words of the present statute introduced by our predecessors, Mr. Chairman. What we are seeking to do is remove those words in so far as they prevent the exemption from applying to desks and chairs with the exception of upholstered chairs which are purchased for educational institutions. I think my hon. friend will recall that when some of us were on the other side of the house we complained that the exemption introduced by our predecessors was too narrow in limiting the exemption to the case of furniture of this kind specially designed for class room use. That meant where school boards purchased such equipment they had no exemption unless the chair was of a kind virtually suitable only for class room use. This present resolution is designed to remove this very restrictive application that was introduced when the amendment was first brought in by our predecessors.

Mr. Benidickson: I see that the minister is still forsaking some of his convictions because he is saying that education must be followed the hard way and he is not prepared to exempt the school board that buys a chair that has any upholstering on it.

Mr. Fleming (Eglinton): Yes. It was felt that that might leave the door open to purchases that would not be regarded by my hon. friend and me as entirely reasonable for use in connection with educational institutions. If you introduce the upholstered chairs it is hard to draw the line.

Mr. Pearson: The farmer's friend but not the teacher's.

Mr. Benidickson: My hon. friend in days gone by was one of those who advocated that all purchases of school boards be exempted as did his colleague in those days.

Mr. Fleming (Eglinton): Give us time.

The Chairman: Is there any discussion on paragraphs 6 or 7?

Excise Tax Act

Mr. Fleming (Eglinton): Following the adoption of paragraph 7, may I ask my colleague the Minister of Public Works now to introduce by amendment a new paragraph, 7a which reads as follows:

That the following new paragraph be inserted in the excise tax resolution immediately after paragraph 7 thereof:

"7a. That diesel fuel oil when used in internal combustion engines used in logging operations and in the manufacture of rough lumber be made exempt".

Mr. Green: I so move.

Mr. Benidickson: Mr. Chairman, I had not realized we had passed paragraph 7 itself. I thought we had only passed paragraph 6. It may not be readily known to hon. members of the committee that paragraph 7, as I understand it, is not actually a resolution that is bringing tax relief but it was designed for the purpose of bringing certain things into tax that somehow by administrative ruling have recently escaped tax. I wonder if the minister would give us a thorough explanation of the purposes of paragraph 7?

Mr. Fleming (Eglinton): Perhaps it is convenient for the committee to discuss paragraphs 7 and 7 (a) together. Paragraph 7 proposes that the exemption for materials consumed or expended directly in the process of manufacture or production of goods be clarified, and brought into line with the tax treatment of fuel for lighting or heating, which excludes fuel for use in internal combustion engines.

The wording of this portion of the schedule to the act is as follows—

Mr. Benidickson: What page, please?

Mr. Fleming (Eglinton): It is in schedule III. It is under the heading "Processing Materials". It could be found on page 31 if my hon. friend has the same pamphlet copy I have.

Mr. Benidickson: I have the August 1957 consolidation of the Excise Tax Act and page 31 deals with schedule III not schedule I.

Mr. Fleming (Eglinton): That is correct. Schedule III appears on page 31 under the heading "Processing Materials". It is the only item under that heading. The language of this part of the schedule is as follows:

Materials (not including grease or lubricating oils) consumed or expended directly in the process of manufacture or production of goods.

This provision created an exemption for processing materials falling within these terms and it has been in the act for some time. The question concerns fuel used in internal combustion engines. It is obvious that fuel so consumed is consumed in production if the engine it drives is used in production but it was always construed that the fuel should be subject to sales tax and indeed until last October this clause was always interpreted as meaning that such fuel was made taxable by that part of the schedule that deals with lighting and heating because that section specifically excluded fuel for use in internal combustion engines. A situation arose last October which brought this matter into very direct focus. It concerned fuel oil used in internal combustion engines. At that time the view was expressed that if the fuel oil was used in internal combustion engines and consumed directly in production of goods it was not taxable under the present wording of the schedule which I have read.

[The Chairman.]

Mr. Benidickson: Who reached that decision? What authority reached that decision?

Mr. Fleming (Eglinton): The Department of National Revenue, on advice. There was nothing conclusive about it. There has never been a judicial determination on the subject. But that was the view that was put before the department and in the light of that view the department notified the logging and lumbering industry of the view that they had reached that if the diesel fuel was used in internal combustion engines of the kind that are in use in logging and lumbering it was exempt.

The situation also concerned municipalities and recently in preparing the budget we came to the conclusion that this matter should be clarified and not be left in any doubt. Therefore provision was made here in the sense in which the clause that I have read from page 31 of the act and schedule 3 has always been interpreted to mean, and then we proceeded to deal specifically by amendment with the cases that had tested the law as it had always been interpreted. In other words, we have introduced the amendment which the committee has already approved in clause 1(b)(v), where the diesel fuel oil is being used in generating electricity and has been sold to or imported by municipalities for their own use and not for resale.

Paragraph 7(a), the new amendment, is designed to extend in clear terms the exemption to logging and lumbering. I think that is the whole situation, Mr. Chairman.

Mr. Benidickson: Besides the lumbering industry a number of producers have enjoyed an exemption from this tax since October. What is the situation, that the tax will be reimposed on them?

Mr. Fleming (Eglinton): The fact is that they always had been understood to be not exempt, and this view that I have mentioned

was expressed in October last, a few months ago, in connection with—it started actually with a municipality, where the issue was tested and then it was made applicable for a time to logging and lumbering. There never was any thought of throwing this matter wide open because very substantial revenue was involved in this feature of the tax and it was a situation that arose, as I have indicated, just last October. This is the first opportunity there has been to deal with it. No one has acquired any rights to any exemption by any judicial decision. It was a situation in which a doubt was introduced into the minds of the Department of National Revenue as to the effect of the act. Now, we are simply clarifying the act to make perfectly clear what has always been understood to be the law, what has always been administered as the law; and to meet the situation of the municipalities and of logging and lumbering operations we are creating the specific exemption for those three.

Mr. Herridge: Mr. Chairman, I was very pleased to see the minister introduce this amendment that exempts the logging operations and those persons engaged in the manufacture of rough lumber from this tax. I am rather pleased with the wording of the resolution because the rough lumber manufacturer is concerned. It will affect a lot of the smaller operators, people sawing rough lumber and using diesel engines to run their mills. They are the ones who are having the most difficult time under present conditions to continue in operation, and I can assure the minister from personal knowledge I have of a good number of small lumber operations who are in a touch-and-go position, not because of the lack of markets for lumber but because of what my friends from the prairies call the cost-price squeeze. I think that is the proper formula and every assistance in this way is of some value. I am very pleased to note this amendment on account of the number of small operators whom I know personally.

Mr. Fleming (Eglinton): May I assure my hon. friend that the situation of the logging and lumbering industry at the present time was carefully taken into account in providing this exemption for them. One realizes that that industry, particularly in British Columbia, is experiencing difficulties and this exemption is now clearly provided by the statute to assist that industry in view of circumstances.

Mr. Herridge: I am very glad the minister has taken an objective view of a very real situation so far as the lumber industry is concerned. However, I do want to say that after conversations with the operators of a number of small mines in my district I think the same complaint applies to other operations particularly those engaged in the production of lead and zinc and those minerals which are falling in price. I find that they are operating under very difficult circumstances indeed and particularly those who are trying to continue development in small mining properties and continue at least a limited production in order to keep their men engaged. The cost of transportation, the cost of operation generally is up. The price of their products, as the minister knows, like the price of lumber, has dropped very seriously. In this respect I am appealing on behalf of the small mining operators, of which there are quite a number in the interior of British Columbia, particularly those who are mining the metals which have recently fallen so seriously in price. To indicate the position I wish to read a letter which I have received from Mr. Doelle, whom I know very well, the managing director of Sheep Creek Mines Limited. This is what he has to say:

> We are advised that implementation of budget excise tax resolution 1(b)(v) will result in the re-imposition of sales tax on diesel fuel used by mining companies to generate electricity at their operations.

And their drilling and their compressors and things of that sort where, by using mechanical plants, they use diesel fuel. The letter goes on to say:

> We are greatly concerned over the results that will ensue should the sales tax be again applied to diesel fuel.
>
> Mining operations in the West Kootenay located in remote areas where hydro power is not available have to use diesel fuel for power generation.
>
> Metal prices are depressed and costs continue to rise making it extremely difficult to continue to operate.
>
> The re-imposition of the sales tax on diesel fuel will be another burden that will certainly discourage us in our efforts to maintain operations or develop new properties in the area.
>
> We would solicit your support and co-operation with the hope that it will be possible to amend the resolution to maintain the exemption previously granted.
>
> Yours truly,
>
> H. E. Doelle,
> Managing Director,
> Sheep Creek Mines Limited

I read this letter, Mr. Chairman, only as a sample of a number I have received explaining quite clearly the difficulties that quite a number of those small operators are having, particularly those who are trying to continue to operate small mines in isolated places. Those people have unusual transportation difficulties compared with the larger owners and, shall I say, the larger and more highly

developed properties where they have the capital and expend a lot on roads, tramways and things of that sort.

I was wondering whether the minister could give some consideration to amending the act so as to include, say, mining companies of a certain category or undertaking certain forms of development or operating under certain conditions; that is where they are operating at a loss or near loss in order to maintain employment and to keep the condition of the mine satisfactory until they can carry on with full development and full production. I would ask the minister whether he could give some consideration to an amendment that would meet the needs of those people. I am not making representation on behalf of those who are making profits and the larger corporations which are not suffering the difficulties of those small mining companies.

But in the interior of British Columbia we are very much dependent, so far as the mining districts are concerned, upon the continued operations of a great number of what are relatively small mining companies.

Mr. Fleming (Eglinton): I think the committee will appreciate the difficulty, when you start introducing exemptions, of drawing the line. Here is a case where one has to be drawn somewhere. We have gone some considerable distance in creating exemptions for municipalities, for logging and lumbering operations. These exemptions are going to cost the treasury a substantial amount of money. I thought there was a special case for the municipalities, and I think there is a special case, which I believe my hon. friend himself sketched out, for the logging and lumbering industry, but as to other operations it is going to be extremely difficult to draw a line.

I must say to my hon. friend that the line cannot be drawn on the size of the mining company; that is not possible. It cannot be drawn, either, on the distance the mine is located from rail or anything like that. There are many, many complications in a situation of this kind. We looked at it very carefully, and we have not seen any basis on which we could, as yet, recommend an exemption for mines from the tax on this particular commodity. It is difficult, admittedly, but I think my hon. friend will appreciate the serious problem with which we were confronted. I must say to him that we did go a long way this year in creating these three specified exemptions.

Mr. Fisher: I should like to ask the minister whether an internal combustion engine used to develop electricity for a logging camp would qualify for this particular exemption?

[Mr. Herridge.]

Mr. Fleming (Eglinton): I am sorry, I did not catch my hon. friend's remarks.

Mr. Fisher: In logging camp operations, if a diesel engine is used to develop electricity to light the camp, will it be eligible for this exemption?

Mr. Fleming (Eglinton): If it is in the camp, and if the fuel is consumed in the camp in the course of operations of logging or lumbering, yes, it will be exempt. It has to be used in the camp, associated with the actual logging and lumbering.

Mr. Fisher: That is fine, and it makes good sense. However, I should like to point out that you will find mining camps within a few miles of a pulp and paper camp with a lighting system based on diesel machinery. It does seem regrettable that one operation wil benefit from the exemption, and the other will not.

Mr. Benidickson: Am I right in thinking that since October they have probably both enjoyed tax relief, but the tax relief will only be continued in the case of the logging industry and will, from now on, not be continued in the mines who have enjoyed tax relief since October?

Mr. Fleming (Eglinton): We are not aware of any case where mines have claimed exemption or refund and the claim has been acknowledged.

Mr. Benidickson: Exemption was provided to municipalities on the grounds that they were producing goods or electricity?

Mr. Fleming (Eglinton): Yes, electricity.

Mr. Benidickson: In consequence of what they have enjoyed you are allowing them to retain the tax exemption privilege?

Mr. Fleming (Eglinton): It is not just on that basis. It is an exemption created for the municipality in respect of the fuel oil that is used by it in generating electricity, and has been introduced as part of the program of the government in this paragraph to assist the municipalities. I stress again that this was not a matter of judicial determination. There was no decision of a court that the tax was not exigible in the case where diesel fuel was used by municipalities in internal combustion engines. There has been no judicial determination. It is a situation in which doubt arose in the Department of National Revenue as to whether the interpretation that has been applied throughout the years was the correct one. This, in fairness, was made known, and in this present resolution we want to clarify the law and we have, for the special reasons I have given, proposed to the house three exemptions.

Mr. Benidickson: Apparently it was made known only to those people who were in the production of goods, such as logs and lumbering or producing electricity—I am thinking of municipalities. Are those the only segments of the community that learned of the new attitude?

Mr. Fleming (Eglinton): I am told that the first to learn were the logging and lumbering operators.

Mr. Benidickson: My hon. friend says he does not think the mining industry has enjoyed this exemption, so he is not taking away anything from them?

Mr. Fleming (Eglinton): The Canadian manufacturers' association learned of this too, but I am informed by the officials of national revenue that no one has claimed the benefit of exemption or refund except the logging and lumbering operators; I should say claimed and acknowledged.

Mr. McQuillan: I should like to ask if the diesel fuel used in logging truck engines would qualify for exemption?

Mr. Fleming (Eglinton): If they are diesel engines that are used in logging operations, that will be exempt.

Mr. Benidickson: I hope that between now and the introduction of the next budget the minister will try to get an estimate of the loss of revenue that would be entailed in endeavouring to accede to the suggestion of the hon. member for Port Arthur that those engaged in the production of ores and minerals should similarly have an exemption from sales tax on this very important purchase that they have. As he says, they operate contiguously and there will be a sense of discrimination. I think there would be bad feeling if the matter is not given careful consideration.

The Deputy Chairman: Is there any further discussion on 7 or 7 (a)?

Mr. Fleming (Eglinton): On No. 8, Mr. Chairman, there is the amendment of which I gave notice yesterday and which appeared in *Votes and Proceedings*. The effect of this amendment would be to strike out No. 8. I ask my colleague the Minister of National Revenue to move this.

Mr. Nowlan: I move:

That paragraph 8 of the excise tax resolution which reads as follows:

"8. That advertising sheets, local bulletins, local circulars and similar publications be excluded from the exemption for newspapers unless they have qualified as a newspaper enjoying second-class mailing privileges."

be struck out.

Mr. Benidickson: This amendment did not concern tax relief but introduced into the tax something that had not been taxed. I was wondering what type of paper the minister had in mind. I must confess that in my own riding in northern Ontario we have several very small newspapers. They are not the hand-out type of thing you often see in the cities to which nobody subscribes and the operator or editor of which receives his reward through soliciting advertising. The papers I had in mind were much simpler than the linotype production type, but they are produced and have good news value in the community. People subscribe to them.

Frankly, I was a bit alarmed when I saw this item in here because I had doubts that such papers would qualify, as do some of the weeklies with which we are more familiar, for the privilege of second-class mail rates. What was the minister aiming at when he put it in this resolution and what has prompted him to remove it?

Mr. Fleming (Eglinton): This resolution was originally intended to clarify the provisions of the schedule. If hon. members will look at page 29 of the consolidation of the act, in the schedule they will find under the general heading of "Printing and Educational" about half way down, the one word "newspapers". This word "newspapers" has not been defined by the act. This resolution had been intended to assist the authorities charged with enforcement of the act by attempting to define "newspapers". The rule that is followed in the post office, I may say, in determing whether a publication is to have second-class mailing privileges is that if the advertising does not exceed 70 per cent of the space it is still classified as a newspaper. If there is less than 30 per cent of the space that is devoted to news, then the ruling of the post office is that it is not entitled to second-class mailing privileges.

In view of some misunderstandings that have arisen as to the purpose of the resolution, we simply dropped it. The situation will remain as it has been. The exemption created by the act is in favour of newspapers and it will have to be left to other means to define what is the meaning of the word "newspapers".

Mr. Herridge: I just want to say, Mr. Chairman, that I am very glad to note that the minister has dropped this proposed resolution from his list. I am quite sure he has had a good number of representations from across Canada objecting to the inclusion of this resolution.

Mr. Nowlan: No; not across Canada.

Mr. Herridge: From British Columbia.

Mr. Nowlan: And Alberta.

Mr. Herridge: Yes. We are more prone to take a progressive approach to legislation than are some of those who come from other parts of Canada.

Some hon. Members: Oh, oh.

Mr. Herridge: I received a number of representations, and I think they were based on very sound grounds. Some of what are called advertising or ad sheets are very useful little publications in small communities which in some cases could not support the regular type of weekly newspaper. In other cases they provide a sort of free enterprise competition for the local weekly newspaper that in some cases has adopted a Rip Van Winkle attitude to life, and things of that sort. I am pleased to see that the minister has recognized the value of these little ad sheets and mimeographed newspapers which on some occasions I find to be quite interesting. Many people have told me they were very glad to have them published in the communities. Once again I must say I am glad that he has listened to what appear to be representations from British Columbia.

The Deputy Chairman: The committee have heard the amendment. Shall the amendment carry?

Amendment agreed to.

The Chairman: Is there any discussion on No. 9?

Mr. Benidickson: I wonder whether the minister would explain this item. It refers to schedules in the tariff with which very few of us probably have any familiarity.

Mr. Fleming (Eglinton): This paragraph of the resolution is largely a technical amendment. The schedule of exempt articles in the Excise Tax Act now includes tariff item 848 which covers machinery and apparatus used in drilling petroleum and gas wells and in the exploration and operation of potash and salt mines as well as various kinds of drill pipe. The customs tariff resolution proposes that this tariff item be divided into six new items. That followed, as my hon. friend will realize, the report of the tariff board. Therefore if these articles formerly defined in tariff item 848 are to continue to be exempt, it is necessary to add the new item in the schedule of sales tax exemptions. Tariff item 848 and the new tariff items listed in this paragraph of the resolution are before hon. members. The six new tariff items contain everything that was formerly included in tariff item 848 except, and here I quote:

> Seamless, lapwelded and electric welded iron or steel casing, tubing and drill pipe of a class or kind not made in Canada for use in the exploration, discovery, development and operation of potash and rock salt mines or for use in the production of muriate of potash, or for use in the production of crushed and screened rock salt.

I may say that the customs officials of the Department of National Revenue have taken the position that the six new items cover everything that was formerly covered by item 848. In a word, this present provision is consequential; it is largely technical but it is intended to bring these benefits to the oil and gas and mining industries.

Mr. Benidickson: Do I take it that the exemption prevails for the salt and the potash mining although not mentioned in the resolution?

Mr. Fleming (Eglinton): Yes; that is correct.

Mr. Smith (Calgary South): In order to clarify the matter may I ask the minister this question? Is it not true that in the transfer from item 848 this just recategorizes the item under a different section from that under which they were formerly duty free? However, in the new category the duty now becomes 5 per eent, 10 per cent and 20 per cent. In other words, are these the items which come under what we generally refer to as oil country goods?

Mr. Fleming (Eglinton): Yes; that is included here and that is I think the one on which I laid particular stress. However, it is quite obvious that this amendment has to be introduced into the Excise Tax Act in order to conform with the new numbering and the changed provisions to be brought about by the tariff resolutions in the Customs Tariff to which we will be coming shortly, I trust.

Mr. Smith (Calgary South): The point I am getting at is this. What is the relationship of this kind of item which is referred to as item 399a.

Mr. Fleming (Eglinton): This present provision is introduced in order to preserve the exempt provision that has been enjoyed hitherto.

Mr. Smith (Calgary South): Surely the exempt position; but if you look at item 399a, I assume this has been recategorized as such and there is now placed on these items a tariff which hitherto did not exist.

Mr. Fleming (Eglinton): We will come to the tariff resolutions in due course. This does not make any change in the tariff as such. It simply takes account of the change which the tariff resolutions are going to make in the tariff and seeks to preserve the exempt position under the Excise Tax Act that has hitherto been enjoyed with respect to these goods.

Mr. Smith (Calgary South): I understand, Mr. Chairman.

Mr. McIlraith: Am I right in understanding that this neither adds any new items to the exempt list or takes away any items from the present exempt list?

Mr. Fleming (Eglinton): That is the view that the customs officials of the Department of National Revenue take.

Mr. McIlraith: That was my understanding of it.

The Deputy Chairman: Is there any discussion on No. 10?

Some hon. Members: Carried.

The Deputy Chairman: Is there any discussion on No. 11?

Some hon. Members: Carried.

The Deputy Chairman: Is there any discussion on No. 12?

Mr. Pearson: Item 12 deals, as the committee knows, with a very important matter indeed. It is concerned with a problem that really transcends the particular item itself. I refer to the problem of maintaining in this country a Canadian periodical literature. I am not at all sure—and perhaps the minister will give us his views on this matter—that the particular method used by the previous government to deal with this problem was the right approach to it. I am not sure whether or not it would have solved the problem if it had been continued. But there is no doubt in the world that the problem remains. The repeal of this particular tax does not do anything to solve the problem one way or another.

This problem, I suggest, is unparalleled in any other country of which I am aware. I do not know of any situation similar to that which exists between our country and our neighbour, the United States, in so far as the influence of periodical literature of one country upon another is concerned. That problem of course arises from the fact that we 17 million Canadians live alongside a country of 175 million people who speak the same language as do most of us and with whom we have a very close, friendly and intimate relationship with them which we desire to maintain. Our manner of living is the same. All this encourages the entry of periodical literature into Canada from across the border. It has also encouraged in recent years the production in this country of what are called the Canadian editions of United States periodicals. The problem, of course, would not exist if United States periodical literature and other forms of literature from that nation were printed in a language different from our own but that is not the case. The result is obvious if one looks at a bookstand in any Canadian town or city, but the common language manifests itself in this particular way I have just mentioned, the Canadian editions of United States periodicals.

This tax was meant to deal with that particular problem. I suggest that the increase of periodical literature from the United States into this country and the growing influence of that literature upon our people does have a relationship to our desires to develop a distinct and self-reliant Canadian identity—what we call Canadianism. The report of the Massey commission in 1951 had something to say on this subject, and this is a problem which I suggest is not being faced by the repeal of this tax. The Massey report had this to say:

> Every intelligent Canadian acknowledges his debt to the United States for excellent films, radio programs and periodicals. But the price may be excessive—
>
> The Canadian periodical cannot in its turn invade the American market; for Americans, it seems, simply do not know enough about Canada to appreciate Canadian material. Our periodicals cannot hold their own except in their limited and unprotected market, nine million English-speaking readers—

That was in 1951 but there would be more today.

> It cannot be denied . . . that a vast and disproportionate amount of material coming from a single alien source may stifle rather than stimulate our own creative effort—
>
> Officially we have no concern with newspapers or magazines . . . Nonetheless, it would seem to us incongruous . . . to leave unmentioned the newspaper and periodical press of Canada which provides most of the reading matter of most Canadians and which is still probably the chief source of knowledge to Canadians of their country and of one another.

Now that is the situation which confronted the Massey commission in 1951 and the situation exists today in a new form through the development of this device—if I may call it that—of Canadian editions of United States periodicals. It was to deal with this problem that the tax was imposed two years ago and I suggest that while this may not have been the most effective way of dealing with the matter—and the minister might give us his opinion on that—the problem nevertheless remains and something should be done about it because it is not an ordinary form of competition. This tax was not meant to interfere and did not interfere in any way, shape or form with competition, in the ordinary sense of the word, between Canadian periodicals and United States periodicals. It was, as I say, to deal with the problem of Canadian editions of periodicals coming from across the border and that is a problem with which it was particularly difficult to deal. I presented

special difficulties for Canadian publishers and it has been alleged—and a good deal of evidence has been brought forward to support this allegation—that these so-called Canadian editions could never have developed and flourished in Canada on the advertising rates which were in fact charged if it had not been for the parent magazines upon which they could lean. It appeared that part of the expenses of the Canadian edition had been met by the larger publication in the United States and in that particular sense—although I certainly would not want to push this parallel too far—it might be alleged that this was a form of journalistic dumping as it was an unfair advantage given to the Canadian editions and the United States magazines. However, as I say, I do not wish to push this parallel too far, but whatever the reason may have been these Canadian editions have occupied an increasing proportion of the reading time of the Canadian public over recent years. This has constituted a special threat to Canadian periodical literature.

So far as this tax is concerned, as I have said, it did not make the position of the Canadian magazine publishers any less competitive than in the past and it was not meant to have and has not had the slightest effect on the United States magazines coming into Canada. In fact the two Canadian editions which have most benefited from this situation —*Time* and *Reader's Digest*—have not lost any substantial volume of advertising but perhaps it is correct to say that it has prevented an increase in the volume of advertising and in the circulation of these magazines in Canada. Perhaps it is also correct to say that it has prevented the appearance in this country of new so-called Canadian editions of United States periodicals. If this were a question of straightforward competition between one Canadian magazine and another I do not think anybody would have any interest in defending the position of any one magazine against another, but this is a question of competition in Canada from so-called Canadian editions of United States publications, some of the expenses of which are met in the United States. That is a very special problem.

I am informed, furthermore, that since the announcement of the repeal of this tax in the budget speech two United States magazines have announced their intentions of, in one case publishing a Canadian edition and, in the other case, resuming the publication of a Canadian edition which had been suspended when the tax was put into effect a couple of years ago and that yet another United States magazine, which I believe was on the point of publishing a Canadian edition at that time, is now reconsidering the possibilities in that regard.

Mr. Chairman, I merely call the attention of the minister and the government to this particular problem. Surely it is nothing that we can contemplate with any degree of equanimity, the disappearance or serious diminution of Canadian bona fide periodical literature. Surely the vision of Canada cannot include a periodical literature circulating in this country which is alien in spirit, in thought, in origin and indeed, perhaps, in some other respects. Therefore I ask the minister whether in repealing this tax as they are proposing to do in this particular resolution, the government is aware of this problem which I have attempted to outline and if he is aware of the problem, what steps does the government propose to take to meet it.

Mr. Fleming (Eglinton): I can assure the hon. gentleman that the government was aware of this problem long before this evening. I yield to no one in my concern for the flourishing growth in Canada of a Canadian culture. The problem is a very difficult one in a country like ours with 17 million people alongside a country of 175 million and where the cultural influence of the United States is exerted with very great strength, persistency and constancy on the Canadian public in very many forms. I yield to no man in my desire to see a Canadian culture express itself in every reasonable form, and that will certainly include Canadian culture as reflected in Canadian magazines.

However, it is a far cry from a position of that kind, which I trust and believe is shared by all hon. members of the house, to defending this tax. This tax was brought forward two years ago in the guise of a measure that would assist in the preservation of the Canadian magazine industry. It never was a sound method of assisting the Canadian magazine industry. As a tax it was open to all of the criticisms that were levelled against it in all parts of Canada. It was an attempt to use the taxing power for a purpose for which, in my respectful submission, the taxing power ought not to have been used.

The problem was there before 1956. The government of that day had done nothing else about the problem. In 1956 it brought in the magazine tax. That tax was not a sound way of dealing with the problem, and we resisted it at the time. Nevertheless, the government of that day chose to impose this tax. What has happened in the two years during which this tax has been in effect has confirmed everything that we said about it at the time. What we indicated then might be expected to flow from the tax

has, indeed, been realized. We were given to understand that there were two United States magazines in particular, that had Canadian editions which were going to feel the weight of this tax. We said then that those magazines would not feel the weight of this tax but that it would be Canadian magazines that would feel its results. That has been proved to be the fact, because the revenues of those companies from their advertising sources in Canada have not been diminished, but evidently the total budgets of Canadian firms that are advertising, so far as their advertising expenditures have gone into magazines or other media which are strictly Canadian in their origin, have been abated accordingly.

And so this tax measure was not of benefit to those whom it was claimed it was going to help. In repealing this measure, as we invite the house to do, we are asking the house to deal with the tax measure on its merits. The tax measure was not sound in the first place, and it does not deserve to be continued.

The Leader of the Opposition asked what the government is going to do about the problem. I may say that the problem has not changed in its essential aspects from what it was when the hon. gentleman who now leads the opposition was in office, and from what it was before 1956 when this tax was imposed. We have received representations from the periodic press association and others in connection with this tax, and in every case we have tried to show an understanding of the problem and a sympathy with the difficulties that have confronted the Canadian magazine industry, and we have sought some other ways of meeting the problem. We have invited them to put forward suggestions for meeting the problem, but nothing has yet been forthcoming that will meet the problem without either creating other and exaggerated forms of the same problem, or discriminations that cannot be tolerated, or measures that are of the nature of the present tax and which therefore cannot be supported.

I would be happy to receive from the Leader of the Opposition, or from any hon. member regardless of party, any suggestions at all for measures that can be of assistance in relation to the larger problem of the position of media of Canadian culture in Canada. I draw a line here, Mr. Chairman. We are not prepared, as we made quite clear two years ago in the debate on this measure when the former government proposed to impose the tax, to entertain suggestions that contemplate any interference with the flow of ideas, and a great many of the suggestions that have been made, all of which we have carefully considered, have been suggestions that would interfere in some form or other, perhaps not altogether blatantly, with the free flow of ideas. Undeniably there is a problem, and we will be glad to have suggestions as to anything that is sound and acceptable in giving assistance to meet the problem. But so far as this tax is concerned, it never was any contribution in any degree whatever to assisting in this problem, and therefore on its merits this tax, in my respectful submission, should be abolished.

Mr. Pearson: I am grateful to the minister for suggesting that members of the house should provide him with some ideas which may help him in the solution of this problem, the importance of which he said he recognizes, and I can assure him that any ideas which may come from this side of the house will not be such as to interfere with what he called the free flow of ideas across the border, because that is certainly not in our minds. If that were the solution to the problem, all we would have to do would be to put obstacles in the way of the admission of the United States magazines into Canada, and we do not want to do that. But the minister in his speech apparently did not make any distinction between news magazines as such coming across the border and United States magazines, news magazines like *Time,* putting a couple of Canadian pages on the front and a maple leaf on the cover and being sold in Canada as Canadian editions.

Mr. Fleming (Eglinton): My hon. friend is aware about the printing in Canada.

Mr. Pearson: Yes, I am aware of that but I am also aware of the fact—and the minister must surely recognize it—that the editorial comment and news and opinion—because it is a magazine of opinion—is United States opinion on all matters with which the magazine deals except in respect of two or three pages in the front of the magazine. Apart from that it is a United States magazine. I am not complaining about it being a United States magazine and in fact I read many such magazines but it does constitute a separate problem by calling itself a Canadian edition of a United States magazine.

Therefore, the problem we are faced with, as I see it, is not the admission into this country of United States magazines concerning which the minister asked us to address ourselves and provide any ideas we may have in connection with the matter. On the contrary the problem is specifically one of Canadian editions of United States magazines. He has not given us the benefit of his views as to that problem or as to whether it is

serious and what perhaps might be done about it. He did say, however, that the problem existed before 1956 when this particular action was taken and that nothing was done about it until 1956. That is true, but the problem had not existed many years before 1956. The development of Canadian editions of United States magazines is a comparatively new growth in our periodical literature. I do not know exactly how far back it goes but I feel sure it does not go back much beyond 1956.

The minister in his statement said that this tax was not effective, that it was of no value or use. I am not defending the tax or attacking it. I am merely trying to elucidate the problem and get from the minister some appreciation of it and perhaps an indication that something will be done about it.

The minister said the situation is the same now as it was when the tax was imposed and that the tax had done nothing to help solve the problem. That, of course, is not the opinion of the periodical publishers in Canada of whom I have knowledge. They are of the opinion that this tax had been of some help to them. The figures reveal that in 1956 these two publications with Canadian editions, *Time* and *Reader's Digest*, had 49.9 per cent of the total number of advertising pages carried in all magazines published in Canada and a year later, in 1957, that had dropped to 49.5 per cent rather than increased. So perhaps the tax may have had that particular effect in stopping the increase in those two magazines so far as advertising pages are concerned. The same would not be true in terms of advertising revenue because the advertising rates were increased.

It also had another effect which I mentioned in my other statement. We are told that the imposition of this tax did prevent the appearance in Canada of additional Canadian editions of United States magazines since, in the last two years, none of these has appeared. We are informed now that two of them are forthcoming. One is to reappear and a third publication is contemplating a Canadian edition. While this tax may not have been the right way to deal with the problem perhaps it did have the particular result of precluding additional Canadian editions and if it is to be dropped I would hope something could be found to replace it which would make a contribution to the solution of this problem which is a very real problem affecting the Canadian nation.

Mr. Benidickson: Just for the record, Mr. Chairman, I should like to inquire if the situation has changed. My last information was to the effect that *Reader's Digest* is printed in Canada but I understand that *Time* is printed outside of Canada.

Mr. Fleming (Eglinton): Mr. Chairman, *Reader's Digest* is printed in Canada and has been throughout the period of which we are speaking. As far as *Time* is concerned, I am not sure.

Mr. Benidickson: I do not think it is printed in Canada.

Mr. Fisher: Is it a fact that one of the magazines involved has taken proceedings against the government concerning paying the tax? If so, which one?

Mr. Fleming (Eglinton): *Reader's Digest* resisted the imposition of the tax and there is a case before the Supreme Court of Quebec awaiting adjudication on that question.

Mr. Fisher: Does the government have every intention of proceeding with the case even if the tax is repealed?

Mr. Fleming (Eglinton): Yes. The repeal of the tax will not affect the tax liability up to date of repeal.

Mr. Fisher: I believe that the opinions of the minister and his concern for Canadian culture are more than merely pious expressions but I do feel that the Leader of the Opposition left with him a conundrum on which I hope he will exercise the government's initiative rather than taking a passive course. The remarks made by the minister sounded to me somewhat like the tradition established by William Lyon Mackenzie King of saying, "You bring your ideas to me". If this is a difficult problem, what do we have a government for if it cannot come forward with a proposal that will help the Canadian periodical press? It is too easy to say to hon. members of the opposition that they should come forward with their ideas. The people of Canada put these hon. gentlemen where they are because they were supposed to have ideas.

Mr. Pearson: I do not share that criticism. I think it is a highly encouraging thing that the government realizes there are ideas on this side of the house and would like to take advantage of them.

Mr. Fleming (Eglinton): I said the same thing to various groups whether on one side or the other who came to see me about this. We want their suggestions and the more helpful they are the more we are grateful.

The Chairman: Is there any further discussion on paragraph 12? Is there any discussion on paragraph 13? Shall the resolution as amended carry?

Some hon. Members: Carried.

Resolution reported and concurred in.

Mr. Fleming (Eglinton) thereupon moved for leave to introduce Bill No. C-44, to amend the Excise Tax Act.

Motion agreed to and bill read the first time.

WAYS AND MEANS

The house in committee of ways and means, Mr. Rea in the chair.

CUSTOMS TARIFF

1. Resolved, that it is expedient to amend the Customs Tariff by striking out subsection (1) of section 2 and substituting the following:

2. (1) In this act, and in any other act relating to the customs,

(a) "free" in any one of the tariff columns in schedule A means that the goods opposite which the word appears, and to which the tariff in the column applies, may be imported and taken out of warehouse for consumption in Canada, without duty;

(b) "gallon" means an imperial gallon;

(c) "hot-rolled" or "cold-rolled" when applied to shapes or sections, bars or rods, plate, sheet or strip, of iron or steel, includes shapes or sections, bars or rods, plate, sheet or strip that have been subjected to such further processing as annealing, tempering, pickling, liming or polishing;

(d) "in diameter" when applied to pipes and tubes means the actual inside diameter;

(e) "M ft." represents and has the meaning of the words "one thousand feet board measure";

(f) "n.o.p." represents and has the meaning of the words "not otherwise provided for";

(g) "p.c." in any one of the tariff columns in schedule A represents and has the meaning of the words "per cent, ad valorem";

(h) "plate" when applied to iron or steel means a flat-rolled product of any shape, of the following dimensions: more than eight inches but not more than forty-eight inches in width and 0.2300 inch or more in thickness; more than forty-eight inches in width and 0.1800 inch or more in thickness;

(i) "proof", "proof spirit" or "proof spirits" means any spirit having the strength of proof by Sikes' hydrometer, that is, spirit that at the temperature of fifty-one degrees Fahrenheit weighs exactly twelve-thirteenths of the weight of an equal measure of distilled water at the same temperature;

(j) "rubber" includes synthetic rubber, which may be defined by regulations prescribed by the minister;

(k) "sheet" or "strip" when applied to iron or steel means a flat-rolled product of any shape, of the following dimensions: "sheet": more than twelve inches but not more than forty-eight inches in width and 0.2299 inch or less in thickness; more than forty-eight inches in width and 0.1799 inch or less in thickness; "strip": more than eight inches but not more than twelve inches in width and 0.2299 inch or less in thickness; eight inches or less in width and 0.2030 inch or less in thickness;

(l) "steel" means any metal or combination of metals containing fifty per cent or more, by weight, of iron;

(m) "ton" means two thousand pounds avoirdupois.

The Deputy Chairman: In looking over this resolution I find there are 13 paragraphs. Is it the pleasure of the house that we proceed as we did before and discuss this as one resolution?

Mr. Fleming (Eglinton): In this case, Mr. Chairman, there is a difference in the form of the resolutions. In respect of the amendments to each of the other three acts there was one resolution with various paragraphs in them. In the case of the proposed amendments to the Customs Tariff, however, there is a series of individual resolutions. They were put in that form before the house because most of them arise out of individual reports of the tariff board. They are rather different in nature and it was felt this would be of assistance to the committee of the whole in dealing with them.

For instance, the first resolution is one simply dealing with amendments of definitions. The second resolution deals with certain amendments affecting zinc and zinc products which arise out of a particular report of the tariff board. The third resolution pertains to iron and steel products and the amendments arise out of another report of the tariff board. Resolution No. 4 also arises out of the tariff board report on iron and steel. No. 5 arises out of the report of the tariff board on pipes and tubes and so on. We are, therefore, dealing with a series of different subjects which are the occasion of proposed amendments to the Customs Tariff.

The Deputy Chairman: Well, the first resolution is at the top of page 6 and continues down to (m). Shall the resolution carry?

Mr. Benidickson: Mr. Chairman, I think the minister in presenting these items in sections according to the tariff board recommendations and leaving to the last the miscellaneous items that we usually encounter is using a good system. At page 1247 of *Hansard* the minister made some reference to these resolutions that would come before us when he was delivering his budget speech. The first package group, if I may call it such, would be the zinc and zinc products group, and I find he had something to say about it rather different from what is referred to in any of the other groups. He was more positive. He said:

> These proposed tariff changes constitute a balanced package. On balance the proposed changes do not involve any increase in the Canadian tariff on zinc and zinc products.

With respect to the other packages, I take it that on balance he could not go that far. I am speaking in a general way—I do not want to delay the committee—but I want to show the contrast. He said, with respect to pipes and tubes:

> A major result of these changes will be to make more effective the protection which it affords to Canadian producers.

Then, with respect to the basic iron and steel products, he concluded his reference to that by saying:

I understand that Canadian steel producers consider the new schedule to be a decided improvement over the old one.

There is nothing that I think is more important to most members of the committee these days, Mr. Chairman, than the matter of trade. I think the expression of Sir Wilfrid Laurier is just as valid now as it was when he said it. He said:

Canada has need of three things. The first is markets; the second is markets and the third is markets.

I think most of us realize today that a number of our products are subject to the general agreement on tariffs and trade and we all very well realize that trade is a two-way street. I quoted the Prime Minister in my budget speech and he explained very carefully at Brantford that if we are cutting off trade in the nature of imports we are bound to find that some of our opportunities for exports will suffer, and that is what I think will concern the committee as we go through these items.

It is very difficult for the committee to determine, unless the minister will draw it to our attention, which items of the many that we have—several hundred of them—in front of us were bound items and have something to do with the trading that necessarily takes place when it is the intention of the government to increase the tariff on something that is bound under the GATT agreement.

The minister said on June 17 that there were other negotiations pending respecting GATT. We, I am sure, will be interested to know to what extent they relate to some of the items that we have in front of us, if they relate at all. I am thinking particularly of the negotiations that have been initiated with respect to fresh fruit and vegetables. The minister said: "Negotiations have been initiated." Again he said: "I hope that these will soon lead to an agreement on a more satisfactory schedule of duties." Well, as someone said, of course, the question is always, more satisfactory to whom? In all of these resolutions that we have in front of us I think that is the basis of the inquiry of the committee. What is the balance or is it more satisfactory to one segment of our economy than another.

I wonder whether the minister would care to tell us about the progress of negotiations with respect to fresh fruit and vegetables, particularly as it relates to the possibility of anything coming before the present session?

Mr. Fleming (Eglinton): Let me say at once there is nothing in these resolutions that touches on fresh fruit and vegetables and I do not think it is proper to lead off into a matter of that kind. It was mentioned in the budget speech; it was discussed in the budget debate. If my hon. friend wishes to ask me questions of that kind on my estimates I shall be glad to deal with them. I do not think it is proper in this series of resolutions to deal with something that is not touched on in them at all. I should be glad to deal with it on my estimates.

Mr. Benidickson: I would like to hear from the minister as to the progress. Certainly, it is appropriate on the bill, but without delaying the committee I think the minister might just save time by telling us. He lost time last week, I think, by being a bit truculent.

Mr. Fleming (Eglinton): No, I was not truculent at all; the committee lost the time.

Mr. Chevrier: There is no doubt about that at all.

Mr. Benidickson: I intended to refer to it only as an illustration, that if we are negotiating to increase tariffs we are all practical minded and know that if we are dealing with items that are bound under GATT agreements some part of the economy has to be jettisoned and members of the committee want to know just who is being sacrificed if someone is being benefited and particularly in some of these agricultural items. If fresh fruit and vegetables get further protection than they have had so far is our principal supplier going to demand that they have their laws much more restrictive on some other product such as potatoes, apples, cattle or fish, or something of that kind.

On the zinc item I do not think that I have any questions. I accept the minister's statement that on balance this seems to be something that has not changed the general average of protection either up or down.

Mr. Fleming (Eglinton): My hon. friend has no objection to the zinc item? Could we then deal with resolutions 1 and 2? Resolution 1 relates to definitions and there is an amendment to that resolution which I would ask my colleague, the Minister of Public Works to move. The resolution appears to be a lengthy one as set out in *Votes and Proceedings*. Actually, it is not a change in substance but there are some definitions which the draftsman in the Department of Justice felt that in the amended form now appearing in *Votes and Proceedings* it would be improved, but there is no change in substance in the amendment, Mr. Chairman.

Mr. Green: Mr. Chairman, I so move:

That resolution No. 1 of the budget resolution relating to the Customs Tariff be deleted and the following substituted therefor:

Resolved, That it is expedient to amend the Customs Tariff by striking out subsection (1) of section 2 and substituting the following:

"2. (1) In this Act, and in any other act relating to the customs,

(a) "diameter" when applied to pipes and tubes means the actual inside diameter;

(b) "free", when applied to any goods in the tariff columns in schedule A, means that the goods may be imported and taken out of warehouse for consumption in Canada, without duty;

(c) "hot-rolled" or "cold-rolled", when applied to shapes, sections, bars, rods, plates, sheets or strips of iron or steel, includes shapes, sections, bars, rods, plates, sheets or strips that have been annealed, tempered, pickled, limed or polished;

(d) "M ft." means one thousand feet board measure;

(e) "n.o.p" means not otherwise provided for;

(f) "p.c." in any one of the tariff columns in schedule A means per cent ad valorem;

(g) "plate", when applied to iron or steel, means a flat-rolled product of any shape

(i) having a width of more than eight inches but not more than forty-eight inches, and a thickness of 0.23 inch or more, or

(ii) having a width of more than forty-eight inches, and a thickness of 0.18 inch or more;

(h) "proof", "proof spirit" or "proof spirits" means any spirit having the strength of proof by Sikes' hydrometer, namely, spirit that at the temperature of fifty-one degrees fahrenheit weighs exactly twelve-thirteenths of the weight of an equal measure of distilled water at the same temperature;

(i) "rubber" includes synthetic rubber, which may be defined by regulations prescribed by the minister;

(j) "sheet", when applied to iron or steel, means a flat-rolled product of any shape

(i) having a width of more than twelve inches but not more than forty-eight inches, and a thickness of 0.2299 inch or less, or

(ii) having a width of more than forty-eight inches, and a thickness of 0.1799 inch or less;

(k) "strip", when applied to iron or steel, means a flat-rolled product of any shape

(i) having a width of more than eight inches but not more than twelve inches, and a thickness of 0.2299 inch or less, or

(ii) having a width of eight inches or less and a thickness of 0.2030 inch or less;

(l) "steel" means any metal or combination of metals containing fifty per cent or more, by weight, of iron; and

(m) a reference to a unit or standard measure of weight, capacity or extension means the Canadian unit or standard measure established by the Weights and Measures Act."

The Deputy Chairman: Shall the amendment carry?

Mr. Benidickson: Am I right in saying that the amendment really simply takes out certain definitions of measures and the plural is used occasionally where the singular had been used and there is a provision with respect to the plate matter and with respect to sheet?

Mr. Fleming (Eglinton): And a rearrangement of some items.

Mr. Benidickson: It does not in any way affect the impost of the duty?

Mr. Fleming (Eglinton): No, not at all.

The Deputy Chairman: Shall the amendment carry?

Amendment agreed to.

The Deputy Chairman: Shall the resolution as amended carry?

Resolution as amended agreed to.

Some hon. Members: Ten o'clock.

Mr. Fleming (Eglinton): On the second one, which is the zinc item, my hon. friend has indicated there is no objection to it. Perhaps we can carry that one tonight?

Mr. Chevrier: If you are a good boy we will carry it.

Mr. Fleming (Eglinton): I am always good.

Mr. Benidickson: I would be agreeable to that. I did not say and I probably should say that to the extent I have been able to compare the recommendations of the tariff board with the schedules in resolution No. 2 I find there has been no deviation, that the tariff board report has been accepted throughout, both in definitions and in rates. Is that right?

Mr. Fleming (Eglinton): That is correct.

Mr. Argue: Ten o'clock.

The Deputy Chairman: Shall resolution No. 2 carry?

Mr. Argue: Ten o'clock.

Mr. Fleming (Eglinton): May I ask if No. 2 was carried?

The Deputy Chairman: No.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Chevrier: What is the business for tomorrow?

Mr. Green: Tomorrow, we shall commence with the second reading of the bill to amend the Excise Tax Act; then take the resolutions concerning the Customs Tariff; then the Estate Tax Act; the Income Tax Act; the bill to amend the Loan Companies Act; the bill to amend the Trust Companies Act. After that, we will take agricultural estimates.

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

HOUSE OF COMMONS

Wednesday, July 30, 1958

The house met at 2.30 p.m.

COMMITTEES OF THE HOUSE

Third report of standing committee on railways, air lines and shipping owned and controlled by the government.—Mr. Rowe.

PUBLIC ACCOUNTS—FIRST AND SECOND REPORTS OF STANDING COMMITTEE—CONCURRENCE IN FIRST REPORT

Mr. Alan Macnaughton (Mount Royal) presented the first and second reports of the standing committee on public accounts, and moved that the first report be concurred in.

Motion agreed to.

STARRED QUESTIONS

CHINESE IMMIGRATION

Question No. 32—**Mr. Pickersgill:**

1. Have any changes been made in the regulations or the procedure for dealing with Chinese immigration applications since June 21, 1957?
2. If so, when were the changes made and what is their effect?
3. How many applications for the admission of Chinese were outstanding on June 21, 1957?
4. How many applications have been (a) accepted; (b) rejected since that date?
5. How many Chinese applications were outstanding at the latest available date?

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): Mr. Speaker, the answers to this question are as follows:

The answer to part 1 is yes, a change has been made in the regulations. No change has been made in the procedure.

The answer to part 2 is by order in council P.C. 1957-1675 effective December 20, 1957, paragraph (d) of section 20 of the immigration regulations was revoked and the following substituted therefor:

a person who is a citizen of a country other than a country referred to in paragraphs (a), (b) or (c) or in section 21, if such person is the husband, the wife or the unmarried child under 21 years of age, the father where he is over 65 years of age, or the mother where she is over 60 years of age, of a Canadian citizen or of a person legally admitted to Canada for permanent residence who is residing in Canada and who has applied for and is in a position to receive and care for any such person, but no such child shall be landed in Canada unless his father or his mother, as the case may be, is landed in Canada concurrently with him.

This change enables persons who have been legally admitted to Canada for permanent residence and are residing in Canada to apply for their dependants.

The answer to part 3 is 122 as of June 30, 1957.

The answer to part 4 is 1,844 accepted, 73 rejected.

The answer to part 5 is 119 as of June 30, 1958.

VICTORY BOND REPLACEMENTS

Question No. 35—**Mr. Benidickson:**

1. In dollar value what has been acceptance to date of the government's offer to replace all unmatured 3 per cent victory bonds?
2. What amounts, applied for conversion, are in the 4½ per cent, 4¼ per cent, 3¾ per cent and 3 per cent interest rate categories respectively?

Hon. Donald M. Fleming (Minister of Finance): I am very happy to report to the house in reply to the first part of the question that the volume of conversions yesterday passed the two and a half billion dollar mark. More than 40 per cent of all the outstanding victory bonds have now been converted.

The answer to question No. 2 is that the information is not available. The operation is so huge that it is not possible to collate, check and break down into these categories the information that is coming in from more than 5,000 reporting agencies now.

CONVERSION LOAN—COMMISSION RATES

Question No. 36—**Mr. Benidickson:**

1. What compensation in commission rates or otherwise has the government agreed to pay agents or brokers handling the Canada conversion loan of 1958?
2. How does this commission rate compare with similar brokerage fees applicable to annual sale of savings bonds, during the last three years?

Hon. Donald M. Fleming (Minister of Finance): The answer to the first question is that, on the 3 per cent bonds for three and one-quarter years, the commission is one-quarter of one per cent; on the seven year 3¾ per cent bonds, one-half of one per cent; on the 14 year 4¼ per cent bonds, three-quarters of one per cent, and on the 25 year 4½ per cent bonds, 1 per cent. The issuing fee on all maturities is one-quarter of one per cent.

Mr. Benidickson: The issuing fee is in addition?

Mr. Fleming (Eglinton): Yes, they are separate. I should add that no sales commission or issuing fee is payable in respect of bonds converted by the Bank of Canada, government accounts or chartered banks for their head office portfolios. Moreover, there is a list of about 2,500 names including all the large corporate investors in Canada who are being covered on a co-operative basis by the investment dealers under the direction of a national committee. In the case of conversions by these corporate investors, the rate of commission is one-quarter of one per cent on the three and one-quarter year 3 per cent bond, and one-half of one per cent on all other maturities. It will be seen that this is substantially reduced from the ordinary commission available.

The answer to the second question is that there have been savings bonds campaigns in the years 1955, 1956 and 1957. In every case the commission paid was three-quarters of one per cent. The issuing and redemption fee in all cases was one-quarter of one per cent.

It is quite clear that the average rate of commission paid in the total on the conversions on the Canadian conversion loan of 1958 will be less than that paid on the Canada savings bond issues in any of the years that are referred to in the question of my hon. friend.

MOTIONS FOR PAPERS

WALTER MITCHELL

Motion No. 30—**Mr. Chevrier:**

For a copy of all papers, affidavits, letters, photographs, and other documents, including all the evidence in the possession of the Minister or the Department of Agriculture, or any other department, leading to the dismissal of one Walter Mitchell as checker and fumigator at the port of Montreal.

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, the documents asked for in this motion, I am informed, are interdepartmental reports and correspondence, reports and correspondence within the department, and correspondence which is marked personal or confidential. I am also informed it has never been the custom of the house to have documents of this nature produced. If there are any documents in addition to these I shall be glad to produce them.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, I protest the minister's decision. The minister will recall a debate which took place early last week in which he made it clear that there was no secrecy in connection with the dismissal of this individual.

Mr. Speaker: Order. The motion is not debatable.

[Mr. Benidickson.]

The house divided on the motion (Mr. Chevrier) which was negatived on the following division:

YEAS

Messrs:

Argue	Houck
Badanai	Macnaughton
Benidickson	McIlraith
Boivin	McMillan
Boulanger	McWilliam
Bourget	Martin (Timmins)
Bourque	Meunier
Brassard (Lapointe)	Mitchell
Cardin	Nixon
Caron	Pearson
Carter	Peters
Chevrier	Pickersgill
Crestohl	Racine
Denis	Ratelle
Deschatelets	Regier
Dumas	Richard (St. Maurice-Lafleche)
Forgie	Roberge
Godin	Robichaud
Gour	Rouleau
Granger	Tucker
Habel	Winch—43.
Herridge	

NAYS

Messrs:

Aiken	Fairclough, Mrs.
Allard	Fairfield
Allmark	Fane
Anderson	Fleming (Eglinton)
Asselin	Fleming (Okanagan-Revelstoke)
Baldwin	Flynn
Barrington	Forbes
Baskin	Fraser
Beech	Frechette
Bell (Carleton)	Fulton
Bell (Saint John-Albert)	Grafftey
Belzile	Green
Best	Grenier
Bigg	Grills
Bissonnette	Gundlock
Bourbonnais	Hales
Brassard (Chicoutimi)	Halpenny
Brooks	Hamilton (Notre Dame de Grace)
Browne (St. John's West)	Hamilton (York West)
Browne (Vancouver-Kingsway)	Hanbidge
Bruchesi	Harkness
Brunsden	Henderson
Campbell (Lambton-Kent)	Hicks
Campeau	Horner (Acadia)
Cardiff	Horner (Jasper-Edson)
Cathers	Horner (The Battlefords)
Chambers	Howe
Charlton	Johnson
Chown	Jones
Churchill	Jorgenson
Coates	Jung
Comtois	Keays
Courtemanche	Kennedy
Creaghan	Knowles
Crouse	Korchinski
Danforth	Kucherepa
Deschambault	Lafreniere
Dinsdale	Lahaye
Dorion	Lambert
Doucett	Latour
Drouin	Legere
Drysdale	Lennard
Dubois	Letourneau
English	Lockyer

Macdonald (Kings)	Payne
Macdonnell	Pearkes
MacEwan	Phillips
MacInnis	Pigeon
MacLean (Queens)	Pratt
MacLellan	Rapp
Macquarrie	Rea
MacRae	Ricard
McBain	Richard (Kamouraska)
McCleave	Robinson
McDonald (Hamilton South)	Rogers
	Rompre
McFarlane	Rynard
McGee	Simpson
McGrath	Smallwood
McGregor	Smith (Calgary South)
McIntosh	Smith (Hastings-Frontenac)
McLennan	
Martel	Smith (Simcoe North)
Martineau	Southam
Martini	Speakman
Monteith (Verdun)	Spencer
Montgomery	Stanton
Morissette	Starr
Morris	Stearns
Morton	Stewart
Muir (Cape Breton North and Victoria)	Stinson
	Tasse
Muir (Lisgar)	Taylor
Murphy	Thomas
Nasserden	Thompson
Nielsen	Thrasher
Noble	Tremblay
Nowlan	Valade
Nugent	Villeneuve
O'Hurley	Vivian
O'Leary	Walker
Ormiston	Webster
Pallett	White
Parizeau	Winkler
Paul	Wratten—167.

COMMONWEALTH AIR TRAINING PLAN AGREEMENT

Motion No. 29—**Mr. White:**

For a copy of the complete agreement between the United Kingdom, Canada, Australia and New Zealand regarding the commonwealth air training plan, entered into in May of 1940.

Hon. G. R. Pearkes (Minister of National Defence): May I have permission to revert to motion No. 29?

Mr. Speaker: Does the house give permission to revert to item No. 29 under this heading, which was allowed to stand?

Some hon. Members: Agreed.

Mr. Pearkes: This motion can be accepted with a reservation which the Secretary of State for External Affairs wishes to make.

Hon. Sidney E. Smith (Secretary of State for External Affairs): I should like to express a reservation—I am not debating the motion—by way of explanation. I assume that the matter to which the hon. member referred is the memorandum of agreement relating to the training of pilots and air crew in Canada and their subsequent service, dated December 17, 1939. There was no agreement entered into in May, 1940. Subject to the usual reservations, the motion is acceptable.

Mr. Speaker: Is it the pleasure of the house to adopt the motion, subject to the reservations expressed?

Motion agreed to.

TRADE

UNITED STATES—PRESSURE TO CURTAIL IMPORTS OF ALUMINUM

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): I should like to direct a question to the Secretary of State for External Affairs. In view of reports that pressure is being brought on the United States government by domestic producers to limit the importation of aluminum into that country, will the government emphasize to the United States government the strong exception that would be taken in Canada to any such course, if they have not already done so?

Hon. Sidney E. Smith (Secretary of State for External Affairs): In order that I may discuss this matter with other departments I will accept the question as notice.

REPORTED ARRANGEMENTS FOR SHIPMENT OF STRATEGIC MATERIALS TO COMMUNIST COUNTRIES

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I would like to ask the Minister of Trade and Commerce if he would care to say what progress is being made with the United States in the setting up of administrative machinery in that country through which to clear orders given to Canadian subsidiaries of United States companies with respect to trade with China, and whether there has been an order for pulpwood sent to the United States for clearance.

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, this question or one similar to it was asked yesterday by the hon. member for Ottawa West (Mr. McIlraith), and perhaps my answer to that question will be sufficient for the hon. member who is asking this question.

The hon. member for Ottawa West yesterday referred to a press dispatch from Washington to the effect that Canada has presented for approval in that city a number of export cases for shipment of strategic materials, including sulphite pulp to communist countries, and his question was in part as follows:

Can the minister tell us how many cases have been presented for approval, what products they cover and whether or not any approvals have been granted?

I am not aware of any press dispatch which fits the description given by the hon. member for Ottawa West, although there have

been a number of press dispatches on this subject in somewhat general terms. There have also been reports of discussions in Washington in which officials, acting on the request of a Canadian subsidiary of a United States company, have put information before United States authorities in order to obtain release for the United States parent companies from the effects of the United States government foreign assets control in cases where the subsidiary wishes to export to China under a Canadian permit.

So far only one request for such assistance has arisen; it affects bleached sulphite pulp. I understand the United States authorities have this order under consideration, and I do not anticipate any difficulty in this case; in fact I understand that a licence is being issued to the United States company, but if the necessity should arise there would be a consultation in accordance with the understanding reached on the occasion of the President's recent visit.

We are prepared to continue our consideration of this general problem in accordance with the favourable attitude adopted in this matter by the President and by Mr. Dulles when they were in Ottawa.

Mr. Argue: As a supplementary question, may I ask if the minister has any information which he feels would warrant a statement in a Canadian Press dispatch, as reported in the Montreal *Gazette* today, to the effect that United States officials said they expect to set up within the next few days the administrative machinery for handling requests from those United States-owned subsidiaries in Canada which wish to trade with red China. Does the minister know whether such administrative machinery is likely to be set up within the matter of a few days?

Mr. Churchill: That, of course, is a matter for the United States. I did see that press report, but I have no further information.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I would like to ask a further supplementary question. In view of the uncertainty which still exists in regard to this matter, can the minister now tell us what was the exact understanding reached with the President when he was in Ottawa, to which the minister referred in his statement?

Mr. Churchill: The Leader of the Opposition refers to uncertainty. There was tremendous uncertainty with regard to this subject at the time my hon. friends opposite were in power, and nothing was done. We had a clear understanding with the President and Mr. Dulles that this matter would be given full and careful consideration. It is only a matter of a few weeks since those distinguished gentlemen were here, and it is not possible at this stage to dot all the i's and cross all the t's with regard to these negotiations. We have made some progress, and I point to the fact that bleached sulphite pulp is now about to be shipped to China as a result of this arrangement. This is a step in the right direction, and we have every reason to hope that we will have a very clear and complete understanding on this subject in the very near future.

STATEMENT ON REPORTED REDUCTION BY U.K. IN PROHIBITED EXPORTS TO COMMUNIST COUNTRIES

On the orders of the day:

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, yesterday the Leader of the Opposition asked me a question with regard to a report in the press to the effect that by unilateral action the government of Great Britain has reduced the list of goods prohibited for export to China, and the hon. gentleman went on to ask if the Canadian government proposed taking the same kind of action.

I judge that the Leader of the Opposition was referring to current press reports concerning discussions which have been proceeding in Paris on the subject of the future of strategic controls. There has been no unilateral action to my knowledge. The conference has now concluded its discussion and a wide measure of agreement was reached regarding the form of controls on east-west trade in strategic materials which will be maintained by all participating countries. The results will be made evident as soon as possible by an amended version of the export control list, which will be published in the *Canada Gazette* in due course.

WATER RESOURCES

CHICAGO DIVERSION—INQUIRY AS TO EFFECT OF PROPOSED INCREASE

On the orders of the day:

Mr. J. W. Murphy (Lambton West): I would like to direct a question to the Secretary of State for External Affairs. I am sorry I have not given him notice, and perhaps he will take the question as notice and answer it at a later time. The first part of the question is, what position has Canada taken regarding the proposed extra diversion of 1,000 cubic feet per second through the Chicago drainage scheme? Second, if this diversion is permitted what effect will it have on our hydro potential and the successful operation of the St. Lawrence seaway; and third, if this diversion is permitted will Canada apply the same

principle or doctrine with respect to boundary waters between Canada and the United States, and rivers with their headwaters in Canada but flowing into the United States?

Some hon. Members: Order paper.

Hon. Sidney E. Smith (Secretary of State for External Affairs): I accept this question as notice.

ADMINISTRATION OF JUSTICE

BRITISH COLUMBIA—REQUEST FOR ASSISTANCE TO HALT VIOLENCE IN INTERIOR

On the orders of the day:

Mr. Stuart Fleming (Okanagan-Revelstoke): I should like to address a question to the Minister of Justice. In view of the fact that there have been three more bombings in the Okanagan valley by persons unknown during the past 48 hours, and in view of the fact that the lines of the Canadian National Railways have been attacked for the first time, could the minister state whether he is prepared to intervene in this matter and, by the implementation of more intensive police activity, seek to find an effective means of protecting the lives and property of Canadian citizens from further jeopardy?

Hon. E. D. Fulton (Minister of Justice): I thank the hon. member for giving me notice of this question. I am aware of the incidents to which he refers, and I wish to assure those whom he represents and this house that we are continuing to investigate these incidents with every resource at our disposal.

With regard to the specific terms of the question, I must point out that we could intervene with specific action only on the request of the provincial authorities, and that no such request, in that sense, has been received.

As the hon. gentleman knows, the whole matter of the Doukhobor problem has been under discussion recently between ourselves and the government of British Columbia, and it continues to be the subject of negotiation between the two governments. I might say that in regard to these discussions—and I do not think I am in breach of any agreement regarding the confidential nature of such discussions—satisfaction was expressed by the provincial authorities with respect to the efforts being made by the police with the resources at their disposal. There was no criticism of the police methods or activities or the interest or readiness of the police to co-operate with the provincial authorities and use every method at their disposal to investigate and identify the perpetrators of these outrages.

I should also say that the authorities of the Royal Canadian Mounted Police here are maintaining constant communication with the officer commanding E division—that is, the contract division in British Columbia—with a view to ascertaining from him whether any further support or assistance is desired and, if so, to be in a position to furnish that assistance whenever it might appear that further actual strength is necessary.

I should point out further that while we are not as yet able to report any results of the investigation of these most recent bombings, which took place only within the last 48 hours, five arrests have been made as a result of the series of bombings which took place elsewhere in the Okanagan area within the last two weeks. Those cases have not yet come up for trial.

Finally, Mr. Speaker, I can assure the hon. gentleman and the house, as I have assured the government of British Columbia, that we remain ready at all times to consider sympathetically any specific requests which might be made for specific assistance in dealing with this problem.

Mr. H. W. Herridge (Kootenay West): May I ask a supplementary question. Would the minister inform the house if there have been any further developments with respect to the correspondence between the Canadian government and the government of British Columbia which he mentioned some days ago?

Mr. Fulton: I have not checked on that matter today, Mr. Speaker, but as of yesterday I was informed that no further correspondence had been received. The hon. member will recall that the premier of British Columbia had said that we would be hearing from him in due course as to the specific proposal under discussion between the two governments, and nothing further had come in as of yesterday.

LABOUR CONDITIONS

NON-OPERATING RAILWAY UNIONS—INQUIRY AS TO CONCILIATION BOARD REPORT

On the orders of the day:

Hon. Lionel Chevrier (Laurier): I have a question which I should like to direct to the Minister of Labour. I note that his office announced yesterday receipt of the report of the conciliation board in the dispute between the non-operating employees of the railways and the Canadian National, the Canadian Pacific and other railways. I am wondering whether the minister has any comment to make on the majority report, and whether he has any information to give to the house as to whether it will be accepted by the parties.

Inquiries of the Ministry

Hon. Michael Starr (Minister of Labour): The report has been received, that is both the majority and the minority reports. We have sent copies of both these reports to the interested parties in the dispute, but I have no comment to make at this time as to how the majority report will be received. I can only hope that it will be accepted.

FINANCE

RUBBER FOOTWEAR—INQUIRY AS TO TARIFF BOARD REPORT

On the orders of the day:

Mr. Marcel Boivin (Shefford): Mr. Speaker, I wish to direct a question to the Minister of Finance. Could the minister inform the house when he expects to table the report of the tariff board on rubber footwear?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I have not yet received the report.

FISHERIES

REPORTED AGREEMENT BY JAPAN TO MOVE FISHING BOUNDARIES

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I wish to put a question to the Minister of Fisheries. Has the minister's attention been drawn to a report in a recent issue of *Business Week* to the effect that Japan had agreed with the United States to move her fishing boundaries five degrees to the west of the present boundary and, if the report is correct, was Canada consulted as a member, along with the United States and Japan, of the north Pacific salmon fisheries commission?

Hon. J. A. MacLean (Minister of Fisheries): I have not seen the article to which the hon. member refers and I should therefore not like to comment on it at this time, except to say that all three countries referred to are members of the salmon fisheries commission which the hon. member mentioned, and that no official action would be taken unilaterally by any one of them.

Mr. Howard: This was bilateral.

FRUIT

BRITISH COLUMBIA—REQUEST FOR DEFICIENCY PAYMENTS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to direct a question to the Minister of Agriculture. I apologize for not having sent him notice, but the question is the result of a sort of mental spontaneous combustion. Anyway, I am sure the minister knows the answer to it, and has it on the tip of his tongue—

Some hon. Members: Question.

Mr. Herridge: In view of the announcement made yesterday by the Minister of Finance that the government is the farmer's friend, could the minister inform the house when this friendship will be further demonstrated by the making of deficiency payments to British Columbia fruit growers on certain 1957 tree fruit crops, to which they have been looking forward for some time?

Hon. D. S. Harkness (Minister of Agriculture): The hon. member asked much the same question about 10 days ago, I think, and I told him at that time that we were giving consideration to this question and waiting for further information from the British Columbia tree fruit growers' association with regard to the 1957 apple crop. That information has come to hand, and I expect I will be in a position to make some statement about this matter in the very near future.

PRIVILEGE

MR. AIKEN—CORRECTION OF STATEMENT IN OTTAWA "JOURNAL"

On the orders of the day:

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, I rise on a matter which I believe to be a question of privilege. In the first column on page 7 of the Ottawa *Journal* of July 29, 1958, I am described as "Gordon Aiken, Liberal, Parry Sound-Muskoka." This is such a colossal misstatement of fact in a usually reliable newspaper that I believe the record should be kept straight.

PRICE SPREADS

REQUEST FOR PROGRESS REPORT ON ROYAL COMMISSION

On the orders of the day:

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, we all realize that the Prime Minister is, understandably, away on an errand which I am sure will give him much pleasure. Could I ask the Acting Prime Minister if he would take this question as notice. Would he give the house a progress report on the investigations being carried out by the royal commission on price spreads which was set up on December 10, 1957, under the presidency of Dr. Andrew Stewart of Alberta university? We all noted that Dr. Stewart was here last week, and I imagine he probably conferred with members of the government.

Hon. D. S. Harkness (Minister of Agriculture): Perhaps I could reply to this question. Dr. Stewart and the commission have been carrying on an active investigation of this matter, as I think the hon. member knows. The commission held hearings in the western provinces first of all, and then moved to the maritime provinces. During the summer months they have been doing a considerable amount of investigatory work. The public hearings will be resumed this fall.

GRAIN

DEFICIENCY PAYMENTS—ORGANIZATION OF MASS DELEGATION TO OTTAWA

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I wish to direct a question to the Minister of Trade and Commerce arising out of the very far-reaching and extraordinary decision taken recently by the Saskatchewan federation of agriculture, namely that a mass delegation be organized to go to Ottawa because of the failure of the government to make a statement on deficiency payments arising out of its promises in that regard.

Hon. Gordon Churchill (Minister of Trade and Commerce): I am waiting, because you have not put the question yet.

Mr. Fleming (Eglinton): You have made your speech. Now what is the question?

Mr. Argue: I thought the minister heard my question.

Mr. Churchill: No.

Mr. Argue: My question was whether or not the minister's attention had been drawn to a far-reaching and extraordinary decision taken a few days ago by the Saskatchewan federation of agriculture, namely to organize a mass delegation to go to Ottawa because the government had failed to announce its policy with regard to deficiency payments, particularly in view of the government's many promises in that regard. I asked for comment, but if the minister does not care to comment I ask him when the government is going to make an announcement on deficiency payments, and whether he has had any word of such a mass delegation being organized.

Mr. Churchill: I have no hesitation about commenting on any proposition or question put forward by the hon. member for Assiniboia. I am quite prepared to deal with him on any occasion. This problem of deficiency payments has been drawn to my attention very forcefully by practically all the members of this house who come from western Canada. The hon. member for Assiniboia is certainly the last one to mention it to me today. He has sent me a clipping from the Moose Jaw *Times-Herald* of Saturday, July 26, which reports that the president of the Saskatchewan farm union described the discussions which the interprovincial farm union council held with the federal government and then, in quotation marks, follows the comment of the S.F.A. secretary:

> Both farm officials concurred that promises of deficiency payments had been made, but apparently no action was forthcoming.

I submit that to my knowledge no promises with regard to deficiency payments were made, but a promise to consider the representations of the farm organizations was made, and great pains have been taken to consider fully all these proposals.

In reply to the final part of the hon. member's question, there will be an answer to this whole problem just as soon as it is possible for the Prime Minister to be back here in Ottawa. He has had other duties which have taken him afield. It will be just a matter of days before an announcement is made concerning this whole problem, and I think that announcement will clearly indicate to members of this house as well as to the people of western Canada that this government is fully aware of the problems affecting western agriculture and is quite prepared to take such steps as are necessary to assist the farming population of western Canada.

Hon. L. B. Pearson (Leader of the Opposition): Has the attention of the minister been drawn recently to a statement made by the Prime Minister in Moose Jaw on March 15, 1958, to the effect that sympathetic consideration should be given to making deficiency payments to wheat, oats and barley growers so that their returns would bear a fair relationship to the cost of production?

Mr. Churchill: My attention has been drawn to that statement. There is nobody in this country with more sympathy for the problems of the farmers than the Prime Minister of Canada.

Mr. Jack McIntosh (Swift Current-Maple Creek): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce. I wonder if he is aware of a mimeographed letter that was sent to the residents of my constituency by the hon. member for Assiniboia in regard to deficiency payments?

Mr. Churchill: Mr. Speaker, my attention has been drawn to the contents of that mimeographed letter in which the hon. member for Assiniboia offers some criticism of me—

Some hon. Members: Order.

Mr. Argue: I think I will send out another one, because it is getting so much attention.

PUBLIC ACCOUNTS

REFERENCE TO COMMITTEE OF PUBLIC ACCOUNTS AND AUDITOR GENERAL'S REPORT

Hon. Howard C. Green (Minister of Public Works) moved:

That public accounts, volumes I and II, and the report of the Auditor General of Canada for the fiscal year ended March 31, 1957, be referred to the standing committee on public accounts.

Motion agreed to.

(Translation):

HOUSE OF COMMONS

REQUEST FOR BILINGUAL ANSWERS TO QUESTIONS ON ORDER PAPER

On the orders of the day:

Mr. Guy Rouleau (Dollard): Mr. Speaker, I would like to put a question to the Secretary of State (Mr. Courtemanche).

To a question I had put on the order paper, the answer I received from the Minister of Defence Production (Mr. O'Hurley) was in English only. Can the Secretary of State tell the house if he is in a position to intervene with his colleagues so that regard may be had for the bilingual character of this country and that, accordingly, answers to our questions may be obtained in the two official languages of this country?

(Text):

EXCISE TAX ACT

Hon. Donald M. Fleming (Minister of Finance) moved the second reading of Bill No. C-44, to amend the Excise Tax Act.

Mr. Hubert Badanai (Fort William): Mr. Speaker, because of the fact that this bill does not meet with the approval of what I believe is the overwhelming majority of the Canadian people who fully expected the elimination of the excise tax on automobiles, I therefore move:

That this bill be not read a second time until further consideration has been given to the repeal or reduction of the excise tax on motor cars.

And now, Mr. Speaker,—

Mr. Fleming (Eglinton): Order.

Mr. Chevrier: You do not run the house.

Mr. Fleming (Eglinton): Mr. Speaker, on a point of order may I ask, if my hon. friend has given the house the text of the amendment, that it be read, because I wish to make a submission to you to the effect that the amendment is not in order.

Mr. Badanai: With your permission, Mr. Speaker, I wish to say just a few words. I do not wish to take the time of the house unduly.

Mr. Speaker: I take it that the hon. member is speaking on the principle of the bill on second reading?

Mr. Badanai: Yes, Mr. Speaker.

Mr. Speaker: I have no power to direct that any amendments be filed.

Mr. Fleming (Eglinton): I understood that my hon. friend had just read an amendment he was offering to the house. I believe he just read the text to you.

Mr. Speaker: I am sorry; did the hon. member propose an amendment?

Mr. Badanai: Yes, Mr. Speaker, I have just read it and a copy has been sent to the Chair.

Mr. Speaker: It has been moved by the hon. member for Fort William (Mr. Badanai):

That this bill be not read a second time until further consideration has been given to the repeal or reduction of the excise tax on motor cars.

Mr. Fleming (Eglinton): Mr. Speaker, now that the amendment is before the house I submit to you that it is not in order. It has no relevance to the bill or to the principle of the bill. What is now before the house for debate on second reading is the principle of the bill. The principle of this bill is to amend the Excise Tax Act by certain designated amendments in accordance with the resolutions which were reported to the house by the committee of ways and means and approved by the house. There is not a word in this bill that relates to the excise tax on motor vehicles.

It is a well established principle that the opening of an act by an amending bill opens it only to the extent of the amendments proposed and only as to those clauses of the main act which the amending bill proposes specifically to amend. My hon. friend is now proposing to go completely outside the terms of the bill and introduce a subject that is foreign to the bill. In my respectful submission the amendment is out of order.

There is, of course, the further point directly associated with the principle of the bill. The amendment has no relevance whatever to the principle of the bill.

There is also the third point that an attempt was made in the committee of ways and means to introduce a similar amendment, in other words to amend the resolutions that were put before the committee of the whole in the ordinary course arising out of the budget resolutions, and that attempted amendment was ruled out of order in the committee of the whole by the chairman. This is an attempt to repeat the same tactic

and introduce the same amendment. In my respectful submission this amendment is completely out of order.

Mr. Speaker: Would the hon. member be able to refer me to some authority to support his case, because I consider that different principles apply to debate on second reading than to debate in committee at the resolution stage, and I should be glad to have some authority if the hon. member has any to give.

Mr. Fleming (Eglinton): If you will give me a moment I think I can find an authority. I quite agree, Mr. Speaker, that the context and scope of order in the debate on second reading are not the same as in the committee of ways and means, but what I have indicated in the third point I submitted to you was that the amendment was ruled out of order in committee on the ground of relevancy, and that ground in my respectful submission to you is equally applicable at this stage as in the committee of ways and means. If it had been on some other ground there might have been reason to say it had no application at this time, but it was on the ground of relevancy that the amendment on that occasion was ruled out of order.

If you are seeking specific citations I shall have to ask you to give me a moment in which to locate them.

Mr. Speaker: Perhaps while the hon. member is looking that up I will hear the hon. member for Laurier.

Mr. Chevrier: I have an authority to submit on behalf of the amendment which has been moved by the hon. member for Fort William, but before doing so I should like to remind you respectfully that it has been the practice in this house over the years on second reading to move amendments of this nature that declare in principle against certain aspects of the attitude taken by the government with reference to a matter such as motor cars.

Mr. Speaker: I presume the hon. member will be able to give me some instances of that.

Mr. Chevrier: I will do so at once in order to save the time of the house. I refer Your Honour to Beauchesne's Parliamentary Rules and Forms, fourth edition, at page 277, citation 382, where it clearly, in my opinion, sets out the position of the hon. member who has moved the amendment. It reads as follows:

> It is also competent to a member who desires to place on record any special reasons for not agreeing to the second reading of a bill, to move as an amendment to the question, a resolution declaratory of some principle adverse to, or differing from, the principles, policy, or provisions of the bill, or expressing opinions as to any circumstances connected with its introduction, or prosecution; or otherwise opposed to its progress; or seeking further information in relation to the bill by committees, commissioners, the production of papers or other evidence or the opinion of judges.

What the hon. member has done is to move this very simple amendment, which reads:

> That this bill be not read a second time until further consideration has been given to the repeal or reduction of the excise tax on motor cars.

The language in citation 382 is broad enough, in my opinion, not only to include the amendment but to go away beyond the scope of the amendment which my hon. friend has read and because of this I submit with deference that the amendment is in order.

Mr. Fleming (Eglinton): Mr. Speaker, there is of course the obvious other point that this amendment, if it were entertained, would have the effect of disturbing the balance of ways and means.

Mr. McIlraith: No.

Mr. Chevrier: No.

Mr. Pickersgill: It asks for consideration only.

Mr. Fleming (Eglinton): If it is simply a matter of asking for consideration, in my respectful submission that is not an assertion of the kind of principle that is open to a private member in moving an amendment to the second reading of a bill.

Mr. Browne (Vancouver-Kingsway): Mr. Speaker, on the point of order, I should like to refer you to a ruling which you made yourself, sir, on June 18, when I was speaking on the second reading of the bill to amend the hospital insurance act, in which you said, as reported at page 1400 of *Hansard:*

> The principle that is being discussed is the principle of a rather narrow amendment to the Hospital Insurance and Diagnostic Services Act.

Which I took to indicate that that would not open up the whole act for discussion.

Mr. Speaker: I would ask the hon. member for Fort William to defer his remarks until I have finished my ruling. I had some doubt as to whether this was not simply a negativing amendment and, as all hon. members know, amendments are not accepted which are simply negative, because a negative point of view can be expressed by voting against the motion. I think this is more than that at this stage of the bill. This is a bill to amend the Excise Tax Act in a number of particulars, and the principle that is before the house is how the Excise Tax Act should be amended. The government has indicated how it feels it should be amended by introducing this bill and this amendment indicates that

it should be amended in some other respects, or should not be proceeded with until other considerations are given effect to and I am inclined to allow the hon. member to proceed.

Mr. Fleming (Eglinton): Permit me, Mr. Speaker, to say a word. You asked to be given an authority. I have one now that I should like to cite before you give your ruling.

Mr. Speaker: Yes, I shall be glad if there is any authority to be given.

Mr. Fleming (Eglinton): In Beauchesne's Parliamentary Rules and Forms, fourth edition, at page 281, we find citation 393. This citation has to do with the procedure on public bills and the third section deals with motions for second reading and reads as follows:

> An amendment which is not adverse to the principle of a bill but proposes that certain provisions be added to the bill cannot be moved on the motion for second reading.

I submit, Mr. Speaker, that the only purpose of this amendment is to say that in addition to the reductions created by the bill there should be another provision made by the bill, namely that consideration should be given to exempting motor vehicles from the present special excise tax. That, it seems to me with respect, comes clearly within the principle so stated that:

> An amendment which is not adverse to the principle of a bill but proposes that certain provisions be added to the bill cannot be moved on the motion for second reading.

There is nothing in this amendment to say, as I take it, that the numerous reductions in the sales tax which are created by the bill shall not be made, but it proposes to add something to those provisions in saying that consideration should be given to a further exemption. That, with respect, Mr. Speaker, comes clearly within the provisions of the citation I have read.

Mr. Pickersgill: If I may say a word precisely on that point—

Mr. Speaker: I am not disposed to accept the argument just presented and suggest that the hon. member would save the time of the house by allowing me to proceed.

Mr. Pickersgill: I do so with pleasure.

Mr. Speaker: This amendment does not propose to add anything to the bill. It is not a motion to add to the bill; it is a motion to defer consideration of the bill on a basis which I am disposed to regard as a basis of principle such as can be put forward on second reading. What I suggest is that the house allow the hon. member to proceed at least on the interim basis that this is a regular amendment. If I find good and sufficient reason to change my mind or to come to a different conclusion in the course of the debate I will advise the house accordingly. As presently advised it seems to me that the proper course for me to take would be to allow the hon. member to proceed.

[Mr. Speaker.]

Mr. Browne (St. John's West): May I call Your Honour's attention to paragraph 660 in the third edition of Beauchesne.

Mr. Speaker: I have made an interim disposition of the matter and I shall be glad to consider anything which any hon. member wishes to draw to my attention in the course of the debate. If the hon. member gives the citation I will look at it now.

Mr. Badanai: Thank you, Mr. Speaker. As I was saying when I was interrupted, I do not wish to take up the time of the house to repeat what has already been said in support of the intent of the amendment, but I do wish to read a number of extracts from a speech delivered by the Prime Minister in Windsor on May 9, 1957, as recorded in the Toronto *Star*, as follows:

> John Diefenbaker last night promised a Conservative government will reduce the "scandalous" 10 per cent excise tax on autos.

Now, just bear in mind the word "scandalous". I continue:

> The national Conservative leader told an audience of 450 in this motor capital of Canada that the tax on cars was an unjustified burden on workers and farmers to whom cars are essential.
>
> "If we are elected" he pledged, "we will take from the shoulders of the taxpayers a portion of this taxation burden."

Mr. Fleming (Eglinton): Which we have done.

Mr. Badanai: Yes, 2½ per cent. Relate the word "scandalous" to 2½ per cent and 10 per cent and I do not think you will find that the relationship is what the Prime Minister meant when he made this statement:

> This, he said, would stimulate auto sales and boost employment in the auto industry on which this city depends.
>
> He told his audience auto workers were unemployed partly because of the Liberal government's discriminatory taxes on autos. Its unjust tax policies were pricing Canadian products out of the markets of the world and shackling municipalities with a desperate lack of revenues. This condition, he warned, would eventually tax real estate "right out of existence" because municipalities had no other revenue sources.

Here is an opportunity for hon. members sitting opposite to give tangible proof of their support for a measure which, as appears quite evident from the reported speech of the Prime Minister (Mr. Diefenbaker), was approved by him as far back as May, 1957. It is now more important than ever that

this measure should be adopted. I hope that the house will take a vote on this motion as soon as possible.

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I propose to be very brief on this matter. Reserving the submission I made to you on the point of order, Mr. Speaker, I remind the house that at the last session of parliament on the recommendation of the government parliament reduced the excise tax on motor cars by one-quarter. To introduce this amendment now, assuming for the moment that it is in order, would simply mean that the important reductions and exemptions provided by the bill and which are, I think, eagerly awaited by the Canadian people, will be postponed. That is the effect of the amendment. It would postpone the reductions under the Excise Tax Act that are provided by the bill. The Canadian people should not be denied the benefit of these reductions, nor should they be postponed. For these reasons I urge that the amendment should be defeated, its purpose and effect being simply to withhold from the Canadian people or delay their receiving the benefit of the important tax reductions and exemptions provided by the bill.

Mr. L. D. Crestohl (Cartier): Mr. Speaker, I think the last statement of the Minister of Finance (Mr. Fleming) is rather ingenious, to say the least. I repeat that to say that to accept the amendment will delay benefits to which the people of Canada are entitled is a rather ingenious device to gain some favourable publicity which actually is not deserved. The minister knows perfectly well that the date of the coming into force of the bill can be regulated according to the date of his choice and not the choice of the house. Therefore to say that the bill cannot be made retroactive to whatever date the minister desires in order to give the people of Canada the benefits he intends to give them as of the date he intends to give them is not presenting the facts in their proper light.

Mr. Hamilton (Notre Dame de Grace): Mr. Speaker, I presume in the course of the debate you are also taking representations on the point of order.

Mr. Speaker: If the hon. member will permit the debate to proceed, I would prefer to have that done at one time. If I come to the conclusion that there is any doubt about the amendment I will give him the opportunity before the motion is put.

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, like the previous speaker I fail to see any validity whatsoever in the minister's argument because paragraph 13 of the resolution states very clearly that any enactment founded upon the resolution shall be deemed to have come into force on the eighteenth day of June, 1958. Therefore, provided that in the final analysis the resolution itself is carried, I fail entirely to see how the adoption of the amendment would have any bearing at all upon the effective date of the benefits that might accrue to taxpayers.

Mr. Fleming (Eglinton): May I ask my hon. friend a question? Is it not clear that that clause of the bill cannot be put until the present motion is carried? The whole point is that the amendment prevents the bill from being put and carried. When the bill is adopted that clause will have a retroactive effect but until we have the bill carried the clause is simply writing on a piece of paper that is before the house. That is the point involved.

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, I think that the argument of the Minister of Finance (Mr. Fleming) is very technical and specious. An opportunity is provided to hon. members of the house by the rules to have reconsideration of things that are not covered by the minister in his bill. We are very surprised at some of the inadequacies of the bill, particularly because the minister has been a member of the house for a great number of years. During that time he was never hesitant about expressing his views, especially when he was on this side of the house.

I hope to have an opportunity at another stage in the debate to discuss in a broader way some of the views of the minister with respect to sales and excise taxes but at the moment I will simply confine myself to his views and those of his colleagues since they are now in power and have the opportunity to carry into effect their advocacy with respect to automobiles made over a number of years. I think the house had every reason to expect that the present administration, particularly when the automobile industry is admittedly in the doldrums, would have brought in something by way of legislation that would have been a stimulant to that industry and not only would have increased the opportunity for employment in the industry but would have encouraged people to purchase the product.

Over a year ago the present Prime Minister (Mr. Diefenbaker) was travelling up and down the land saying that the additional 10 per cent tax on automobiles over and above

the sales tax was scandalous. That is the word he is quoted as having used. At Windsor, appealing of course to a particularly interested audience, he said on May 9 as reported in the Windsor *Star*:

> The present 10 per cent excise or luxury tax on new cars is discriminatory to automobile producing centres. Its continuance brings unjustified unemployment.

In past years we heard the present Minister of Labour (M. Starr) say many times that this tax should be abolished. I am rather disappointed that his influence in the government has not been sufficient to bring that about immediately. I am not going to try to prolong the debate, but somebody may say, "Why did you not do it?" It must be remembered that at one time, by reason of the necessity of raising revenue for war purposes and to reduce production activity with regard to certain types of automobiles to some extent, the tax was as high as 35 per cent. It was reduced in several successive stages by the previous government, but at no time while we were in office was the industry in its present state of depression. I can confirm those statements by referring to page 18 of the Bank of Canada report for 1957, tabled in the house by the Minister of Finance. The governor of the bank, with respect to automobile production in 1957, had this to say:

> In Canada, although 1955 was a record year, 1956 was still better and no significant decline in automobile sales occurred until well into 1957.

It is clear that my hon. friends were in charge of the administration of this country well into 1957—

Mr. Fleming (Eglinton): No, that change—

Mr. Benidickson: —and therefore knew conditions.

Mr. Fleming (Eglinton): If my hon. friend consulted the statistics he would be aware of the fact that the decline started in March, 1957.

Mr. Benidickson: Not in automobile production.

Mr. Fleming (Eglinton): In automobile production; it was at the end of March, 1957. We were all over this in the last session, and it was the end of March 1957 when the production figures on automobile production in Canada began to fall below those of 1956.

Mr. Benidickson: In any event, it was long after the February, 1957 budget. I am quoting from one of the most authoritative sources from which one can quote, a report which was submitted to this house by the minister himself from the governor of the Bank of Canada. The governor of the bank states that automobile sales had not declined until well into 1957.

Mr. Fleming (Eglinton): Yes, March.

Mr. Benidickson: That is not well into 1957, as my hon. friend well knows.

Mr. Fleming (Eglinton): That is the fact. May I ask my hon. friend if he is not aware of the fact that it was at the end of March, 1957, that the turn came in the production of automobiles.

Mr. Chevrier: Why don't you make your speech later?

Mr. Benidickson: My hon. friend yesterday, and again today, is simply interjecting to deny certain statements made by others who have every right in this house to put forward their view.

Mr. Fleming (Eglinton): Don't you want the facts?

Mr. Benidickson: I want you to give the facts to me in a speech. I want you to counteract, if you can,—

Mr. Speaker: Order.

Mr. Benidickson: This interruption was not addressed to you, of course, Mr. Speaker. I suggest the minister can very well put on the record anything he suggests counteracts this authoritative statement I am presenting.

I say we have every reason to believe, particularly after that decline occurred in the production of this industry, that this administration, having regard to what its prominent spokesman said in years gone by, would have extended some relief. The Minister of Finance (Mr. Fleming) was one of those who consistently over the years said that even if one were to regard solely the matter of revenues to the crown, it was his opinion that a reduction in this excise tax would stimulate sales to the extent that the crown would lose nothing in revenue; that the crown would more than get back from this 10 per cent sales tax what it might lose on the extra 10 per cent excise tax by reason of the extra production that would result from this stimulus.

Mr. Fleming (Eglinton): So we reduced it.

Mr. Benidickson: I suggest to him no better climate has ever been presented to a government for an opportunity to show to the people that they meant what they said at that time.

Mr. Speaker: If the house is ready for the question, I will hear the Postmaster General (Mr. Hamilton) before putting the question.

Mr. Hamilton (Notre Dame de Grace): The proposed amendment, Mr. Speaker, is that this bill be not read a second time until further consideration has been given to a reduction in the excise tax on motor cars. I would refer you specifically to Beauchesne's fourth edition, citation 394, page 281, the first part of which states:

> Nor may such an amendment deal with the provision of the bill upon which it is moved, nor anticipate amendments thereto which may be moved in committee, nor attach conditions to the second reading of the said bill.

It seems to me that this is specifically a condition which is attached to the second reading of the bill, that it be not read a second time until further consideration, and therefore the motion is directly contrary to this particular reference which says that such a motion shall not attach conditions to the second reading. I would, therefore, feel the motion is out of order.

Mr. Pickersgill: May I say a word on the point the hon. member has raised? The hon. member has suggested that this citation 394 governs this case. Surely, the amendment proposed by the hon. member for Fort William (Mr. Badanai) does not propose anything that could be done in committee. It proposes that a delay should take place in the second reading of this bill until such time as consideration is given to the matter of the motor tax. It does not propose anything specific.

May I also draw your attention to the provisions of Beauchesne's parliamentary rules and forms, fourth edition, citation 265, which is in these words:

> No member other than a minister of the crown may introduce a bill for the reduction of duties. The government must take full responsibility for the taxation levied to provide the revenue. But the house enjoys—

I stress this respectfully to Your Honour.

> —complete freedom to make every representation possible to the government with regard to the manner in which the ministers discharge this responsibility. This duty the members may perform by moving amendments to reduce the tax proposed by the administration.

Mr. Speaker: I thank hon. members for the help they have given me. As I see this amendment, it really is a declaration of a contrary principle to that which is under debate. The principle under debate is an amendment of the Excise Tax Act as the government has proposed. Now, the view which is brought forward is that the government has taken a wrong line and should have adopted another principle in amendment of the Excise Tax Act, that of reducing excise taxes instead of the tax with which it has dealt.

This is clearly not a matter which can be introduced as an amendment to the bill in the course of its consideration in committee. I think that has already been decided. At the resolution stage an attempt was made to propose an amendment in this category, and it was properly ruled out. Nor can it be introduced into the bill when the bill is in committee of the whole, because the resolution does not cover an amendment of that kind. Here, where the principle on which the government has proceeded is under consideration, it seems to me this is a proper declaration of a contrary principle. I realize that there are some difficulties in accepting this point of view. Members may raise innumerable minor amendments to the Excise Tax Act as matters of principle, and of course that could not be acceptable to the house as it would delay proceedings endlessly. But in the view I take of it—I may not be correct in this but as advised I feel I am—I think I should put the amendment to the house. Is the house now ready for the question?

The house divided on the amendment (Mr. Badanai) which was negatived on the following division:

YEAS

Messrs:

Argue	Howard
Badanai	Macnaughton
Benidickson	McIlraith
Boivin	McMillan
Boulanger	McWilliam
Bourget	Martin (Timmins)
Bourque	Meunier
Brassard (Lapointe)	Mitchell
Cardin	Nixon
Caron	Pearson
Carter	Pickersgill
Chevrier	Racine
Crestohl	Ratelle
Denis	Regier
Deschatelets	Richard (Ottawa East)
Dumas	Richard (St. Maurice-Lafleche)
Godin	Roberge
Gour	Robichaud
Granger	Rouleau
Habel	Tucker
Herridge	Winch—43.
Houck	

NAYS

Messrs:

Aiken	Browne (Vancouver-Kingsway)
Allard	Brunsden
Allmark	Campbell (Lambton-Kent)
Anderson	Campbell (Stormont)
Asselin	Campeau
Baldwin	Cardiff
Barrington	Cathers
Baskin	Chambers
Beech	Charlton
Bell (Carleton)	Chown
Bell (Saint John-Albert)	Churchill
Belzile	Coates
Best	Comtois
Bigg	Cooper
Bissonnette	Courtemanche
Bourbonnais	Creaghan
Brassard (Chicoutimi)	
Browne (St. John's West)	

Crouse
Danforth
Deschambault
Dinsdale
Dorion
Doucett
Drouin
Drysdale
Dubois
English
Fairclough, Mrs.
Fairfield
Fane
Fleming (Eglinton)
Fleming (Okanagan-Revelstoke)
Flynn
Forbes
Fraser
Frechette
Gillet
Grafftey
Green
Grenier
Grills
Gundlock
Hales
Hamilton (Notre Dame de Grace)
Hamilton (York West)
Hanbidge
Harkness
Henderson
Hicks
Horner (Acadia)
Horner (The Battlefords)
Howe
Johnson
Jones
Jorgenson
Jung
Keays
Kennedy
Knowles
Korchinski
Kucherepa
Lafreniere
Lahaye
Lambert
Latour
Legere
Lennard
Letourneau
Lockyer
Macdonald (Kings)
Macdonnell
MacInnis
MacLean (Queens)
MacLellan
Macquarrie
MacRae
McCleave
McDonald (Hamilton South)
McFarlane
McGee
McGrath
McGregor
McIntosh
McLennan
McPhillips
McQuillan
Martel
Martineau
Martini
Milligan
Monteith (Verdun)
Montgomery
Morissette
Morris
Morton
Muir (Cape Breton North and Victoria)
Muir (Lisgar)
Murphy
Nasserden
Nielsen
Noble
Nowlan
Nugent
O'Hurley
O'Leary
Ormiston
Pallett
Parizeau
Paul
Payne
Pearkes
Pigeon
Pratt
Pugh
Rapp
Rea
Regnier
Ricard
Richard (Kamouraska)
Rogers
Rompre
Rynard
Simpson
Smallwood
Smith (Calgary South)
Smith (Hastings-Frontenac)
Smith (Simcoe North)
Southam
Speakman
Stanton
Stearns
Stefanson
Stinson
Tasse
Taylor
Thomas
Thompson
Tremblay
Valade
Villeneuve
Vivian
Walker
Webster
White
Winkler—162.

Mr. Speaker: I declare the amendment lost. The question is now on the main motion. Is it the pleasure of the house to adopt the motion?

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

On clause 1.

Mr. Benidickson: Would the minister outline, generally, any additions to the act which are not referred to in the resolution? He will realize that we received the bill only this morning.

Mr. Fleming (Eglinton): Mr. Chairman, the bill follows the terms of the resolutions that were approved in committee of ways and means last night. The provisions of the bill are confined to carrying those resolutions into effect, and anything of a consequential nature.

Mr. Benidickson: Is section 7 perhaps the only section that has reference to something of which we have not already had notice in the resolutions?

Mr. Fleming (Eglinton): Yes. The other provisions are all incidental and consequential on the resolution, Mr. Chairman.

(Translation):

Mr. Dumas: Mr. Chairman, I wonder if the remarks I am about to make are in order. They have reference to fuel oil for diesel engines used in generating electricity. If I understand correctly, the minister stated yesterday, in answer to a question put by the hon. member for Kenora-Rainy River (Mr. Benidickson), that only municipalities and those who are engaged in logging and lumbering were to be allowed to avail themselves of the tax exemption in this regard.

(Text):

Mr. Fleming (Eglinton): Mr. Chairman, the point my hon. friend is raising has nothing to do with this clause. It relates to clause 8 of the bill which is the clause that has the effect of repealing the schedule and introducing the new schedule. The matter my hon. friend is speaking about is in the schedule. When we come to clause 8 of the bill there is something I have to say on that subject because the information that was given to me in respect of an answer I gave last night was not correct and I have something to say about that as applied to mines. That relates to clause 8 of the bill.

Mr. Dumas: I am very happy, Mr. Chairman, to hear the minister say he has something to add because he may agree to what I was about to suggest. I am willing to wait until clause 8 is called but I want to make sure I can speak on that question on clause 8.

Mr. Chevrier: The point I was going to make was simply this. There are a number of hon. members on this side of the house who want to deal with this question. In order to assist the minister I was wondering if it would be possible to do it now and avoid a long discussion on clause 8. However, if the ruling of the Chair is otherwise I am sure we will be happy to enter the discussion at that time.

Mr. Benidickson: The only suggestion I would make is that if we had unanimous consent we could deal with schedule III with some slowness. Each of the bracketed materials in that schedule has a heading. I thought perhaps there might be an opportunity given for debate in committee or questions and answers in committee. Perhaps that does not agree with what my friend the hon. member for Laurier was suggesting but I think it would be a more systematic debate than if we were to deal with the items in the schedule simply because we happened to be dealing with schedule III. Perhaps the Chair would do what was done last night and call the items in schedule III seriatim. The headings are "Building Materials", "Charitable, Health, Etc.", "Coverings" and so on.

Mr. Chevrier: That is perfectly satisfactory to me.

The Deputy Chairman: Is it the wish of the committee that when we reach the schedule we will call the various headings for discussion and when we have completed that we can ask if it carries?

Mr. Fleming (Eglinton): Mr. Chairman, I take it that it is clear that any reference to the schedule must wait until we reach clause 8. The matter of dealing with the schedule is one of calling the amendments made in the schedule under convenient headings.

Clause agreed to.

Clause 2 agreed to.

On clause 3—*Licensed wholesaler or jobber.*

Mr. Crestohl: Would the minister tell us whether the purpose of this amendment is merely to delete the prescribed fee of $2 in the old section?

Mr. Fleming (Eglinton): Mr. Chairman, it goes a little farther than that. The old section prescribes two things: first of all that there must be an annual licence and, second, that there is a fee payable on the licence. The change that has been made eliminates the licence fee entirely and eliminates the provision that the licence must be annual. In other words, it rests then with the department to decide for what length of time a licence shall be issued. I expect the department hereafter will issue licences for longer periods than one year at a time.

Mr. Crestohl: One further question, Mr. Chairman. Today it is compulsory for a licensee to apply for a licence. Under the amendment will it be equally compulsory for the department or the minister to issue a licence when it is applied for? The language used is that a licence "may be granted" and that means it may not be granted, too.

Mr. Fleming (Eglinton): The clause under consideration makes no change in the present provisions of the act in that regard. The language "may be granted" is the language the act has employed for a long time, as far as I am aware from the beginning of the act. That is the standard language of statutes in respect of the granting of licences and there is no change in that respect.

Mr. Crestohl: Can the minister tell us what has been the practice?

Mr. Fleming (Eglinton): I am informed that the practice is that anybody who qualifies under the terms laid down receives a licence.

Clause agreed to.

Clauses 4 to 6 agreed to.

On clause 7—*Evidence.*

Mr. Crestohl: Mr. Chairman, this is a new clause and I believe it poses a problem. If a return is purported to have been filed on behalf of some one that return is to be considered as prima facie proof. Can the minister tell us if it is intended that the prima facie proof be a rebuttable proof? When a return has been filed by an accountant or some one else on behalf of an individual or if a person has filed a return which is not signed by the individual involved will the person have the right to rebut that and say it is not his return?

Mr. Fleming (Eglinton): Certainly, Mr. Chairman. Any prima facie presumption is always rebuttable.

Clause agreed to.

On clause 8—*Schedule III.*

The Deputy Chairman: Is there any discussion under the heading "Building Materials"? Any discussion under the heading "Charitable, Health, Etc."?

Mr. Benidickson: Under this heading, Mr. Chairman, I would just remind the minister of the discussion we have had in previous sittings. I think particularly of the speech made by the hon. member for Welland when he said that probably the best relief, if one were thinking in terms of hardship for those who have ill health would possibly be the exemption of drugs from sales tax. The most needy people in the land do not have an income on which they pay tax and consequently the exemptions provided under the Income Tax Act do not apply. If in another year we could have a further look at the possibility of exempting drugs from tax as one of the necessities of life it would be a very

worth-while effort on the part of the administration and the exemption. This is probably a new field and a widening in this regard would be commendable.

The minister of course will recall that when he and his colleagues sat on this side of the house and were free to speak frankly about these things some of his colleagues—I do not know if the minister did personally but I believe he did—advocated this and some of the rest of us who were at that time sitting on the government side were doing what some of my hon. friend's colleagues are probably doing at the present time, making representations to him about some of these matters.

Some of these drugs are extremely expensive and the list is probably not as large as it should be bearing in mind the new drugs that come on the market most of which, particularly in the initial stages, are exceedingly expensive. I myself, when assisting the minister of finance, did receive some information about the actual factory cost of some of those drugs. I was rather amazed to find that neither customs tax nor sales tax did have a particularly big relevancy in relation to the ultimate cost to the consumer. That, of course, does not come within the rules of debate when we are discussing this item here. But it is all related and I have thought that it is something that should probably deserve and receive from the officials of the departments of health and welfare, national revenue and finance very careful study. I feel that while we have customs duty on the import of some drugs and we have sales tax on some drugs that are very expensive there is still not a relationship between the actual cost in another country as compared with this country and I would hope that the minister and his officials might look at this. I myself gave it some consideration, as some of the gentlemen in front of the minister will remember, in the very recent past.

The Deputy Chairman: Is there any further discussion under this heading? Is there any discussion on the heading "coverings"?

Mr. Benidickson: This, of course, has no relationship to coverings of school desks or seats.

Mr. Fleming (Eglinton): There is no amendment involved there, Mr. Chairman.

The Deputy Chairman: Is there any discussion on the heading "diplomatic"?

Mr. Chevrier: May I ask the minister whether there is anything new in this?

Mr. Fleming (Eglinton): No, the amendments are underlined and there is no amendment under "coverings" or under "diplomatic"; there is nothing under "engines" and only when we reach "farm and forest" are there some further amendments introduced into the schedule.

The Deputy Chairman: Is there any discussion on the heading "engines"?

Mr. Benidickson: Not having taken advantage of the opportunity to speak on second reading on this item, except on the amendment, may I say that I would like the minister and the department to consider very carefully here the possibility of exempting such things as Delco plants for the generation of electricity from sales tax. This is, I admit again, not a new request. It was considered by the previous administration; but we have been constantly extending some of these sales tax exemptions and I notice in the budget this time we have a relief with respect to the purchase of diesel fuel oil for the generation of electricity. That is a very essential thing in many parts of our northern areas which we are endeavouring to develop and I think should have another consideration. To an extent I am abusing the privilege of the committee simply because I know it has been in the past—and I assume it is now—the policy of the officials and of the minister to review very carefully the remarks which are made at this stage of the debate by hon. members from all parties. In the past it was the practice to prepare a memorandum during budget discussions for the consideration of the budget committee when there was a particular item or request for the reconsideration of the tax structure with respect to some of these things. I assume that practice is continuing. Without prolonging the debate I would just like to have that in that category for consideration.

The Deputy Chairman: Is there any discussion on "farm and forest"?

Mr. Benidickson: What is the estimated tax loss on the exemption of cut flowers as one of the major items?

Mr. Fleming (Eglinton): As I stated in the budget speech, $1 million.

The Deputy Chairman: Is there any discussion on "fire brick, refractories, etc."? Is there any discussion on "foodstuffs"? Is there any discussion on the goods enumerated in Customs Tariff items?

Mr. McIlraith: I wonder whether the minister would mind clarifying a point here that seems to be bothering a great many persons, namely the reference to the new tariff items in the proposed tariff that will be before the house for discussion? There is a reference here to the goods exempt, giving the new numbers, and there seems to be confusion as to how we can legislate on new items that have not yet been enacted into law. If

the minister would just clarify that point we would appreciate it. An example of that will be found in item 848, oil country goods, which is in the present Customs Tariff item 848, but appears in the proposed tariff item as 399a. Would the minister just clarify that?

Mr. Fleming (Eglinton): Yes. I explained last night that this reference to some half dozen new sections here, or a new reference to half a dozen sections, arises out of the amendments which are proposed in the Customs Tariff and we know now what these are going to be. They are set out in the resolution to which I trust we shall be coming shortly in the committee of ways and means. This measure of course, will not be coming into effect until the amendment to the Customs Tariff also comes into effect and the references are completely harmonized in that way.

Mr. McIlraith: Thank you. A few moments ago an hon. member questioned me about this. Perhaps I can ask a simple question here that would serve to dispose of the question that was in his mind. I take it that oil country goods or casing that goes into an oil well or a gas well is sales tax exempt but that transmission pipe or tubing, are not sales tax exempt.

Mr. Fleming (Eglinton): That is correct.

The Deputy Chairman: Is there any discussion on machinery?

Mr. Pickersgill: On this last point, Mr. Chairman, I would like to ask the minister whether I understood correctly what he said about this reference to changes in the Customs Tariff. Are we to understand that we are being asked in this bill to assume that the house is going to pass another measure that has not even been submitted yet to the committee of ways and means? Is this not rather taking parliament for granted?

Mr. Fleming (Eglinton): No, I do not think so, Mr. Chairman. This was discussed last evening. The committee is well aware of the effect of the reference and the reference is to items that are already before the committee of ways and means. It is not a reference to something with which the committee is not already well acquainted. This has been before the house since June 17. The house knows precisely what they are and we shall be dealing with them further in committee of ways and means.

Mr. Pickersgill: That is not my point at all.

Mr. Benidickson: I think the hon. member for Bonavista-Twillingate, who is usually fairly sharp in his observations, has a point that while we have had notice of a consolidation of tariff items, we are assuming here that the new tariff items will be as in the schedule in the budget resolution but it is conceivable they will not be. That is the point.

Mr. Pickersgill: The minister does not appear to have got my point. I can well remember when the previous prime minister sat in the seat next to the one the minister is in now he was most scrupulous never to assume, no matter how large a majority was supporting him, that anything would be passed by parliament until it had been passed. Here, it seems to me, we are going pretty far if we are going to put a section in this bill and the minister is going to proceed with it and pass it, making reference to something that is going to be in a bill that has not yet been introduced in the house. Many things might happen. The government might be defeated between the time of the passage of this bill and the passage of the next bill and the law would be in a terrible mess. Hon. members may laugh but we heard a lot of eloquent speeches from this side of the house in the last parliament but one about the rights of parliament. I would not object at all to the minister allowing this section to stand and deal with the rest of the sections and then the committee could rise and we could come back to this bill after the Customs Tariff had passed and thereby preserve the rights of parliament. I do think this is not just a technical point. This is a question of preserving the rights of parliament and of not passing a bill about an act that does not exist. If I am wrong about my facts I would be glad to be corrected.

Mr. Benidickson: I think the hon. member is perfectly correct because there would be new numerals in the customs tariff schedule to which we are now referring. I would think there would be no hesitation on the part of this group in passing the bill with alacrity with the exception of this point. We could rise, report progress and pass it after the other items are actual items in the new tariff schedule.

Mr. Fleming (Eglinton): Mr. Chairman, surely it is quite clear that the bill would never be brought into effect unless parliament had also legislated in terms of the changes in the numbers. It is only a matter of changes in numbers. There is no change in the tax and no change in substance. It is simply a matter of the numbers. There is nothing else involved than that. Surely the proper course to follow here is to allow the bill to pass. If hon. members do not wish the bill to be given third reading until the amendment to

the Customs Tariff has been dealt with in committee of ways and means, I have no objection to that. It is always possible at that stage, if the house did not approve the changes in the numbers that are proposed in the amendment to the Customs Tariff, to have the change made by amendment on third reading by referring the bill back to the committee.

Mr. Pickersgill: I must say that I have not given the bill the same attention that the hon. member for Kenora-Rainy River has but I do not apprehend that the bill comes into force on proclamation. My understanding is that once it is given royal assent it is the law. Therefore it does seem to me that the minister is not factually correct in saying that if the bill passes it would not come itno effect until the other measure had come into effect.

Mr. Fleming (Eglinton): We are talking about being passed by the house and what I have suggested—

Mr. Pickersgill: I think, Mr. Chairman, that I have the floor. What I was pointing out was that once this bill is passed by the house we lose control of it. We have given up our rights as representatives of the people. This is a taxing statute, and while I admit that all the minister says about this being a purely technical point is true it does seem to me that it is by the preservation of these technical points that we have safeguarded our liberties and the right of the subject to consent to imposts upon him and that we should be extremely careful about these forms. Speaking for myself, I would feel much happier if we just allowed this section of the schedule to stand. We could come back to it, as my hon. friend says, and no one would be disposed to hold this up five minutes after the other measure had been dealt with. Of course, as the minister has pointed out, no time would be lost because this measure cannot come into effect anyway until the other one does.

Mr. Fleming (Eglinton): I think my hon. friend is not aware of the fact that the number of the present item in the Customs Tariff is 848 and what is proposed in the resolution respecting the amendment of that item is that, in addition to its having No. 848, there be a number of other parts into which it is broken down and those are the underlined parts. If parliament did not see fit to enact the proposed resolution into law by amendment of the Customs Tariff then we would still have the law as at present because 848 is still there. There has been nothing taken away. There will be no change made in the law. You would have a reference to some non-existent parts but that would not in any way affect the operation of the law because 848 is still there and if it remains unchanged the law has its full application and the Excise Tax Act has its full effect. Therefore I think my hon. friend can see that parliament is not being asked to anticipate anything that is going to have the effect of tieing its hands in any way or preventing the operation of the law as parliament chooses to legislate.

Mr. Pickersgill: I think the minister has satisfied me that instead of having the law in a state of chaos parliament would be merely making itself ridiculous, and if the minister insists on that I do not make any further objection.

Mr. Crestohl: I should like to ask the minister this question. While the ultimate end will be the same, does the minister not think that it would be setting a rather unusual precedent to reach that end without following the proper sequence? I think the point made by the hon. member for Bonavista-Twillingate is logical. I think we should reach the objective we are after in the proper sequence according to law and the rules of parliament.

The Deputy Chairman: Is there any further discussion of that item? Is there any discussion of machinery and apparatus to be used in manufacture or production?

Mr. Benidickson: Mr. Chairman, I think it was under this section, was it not, that the hon. member for Villeneuve—

Mr. Fleming (Eglinton): No. If I correctly apprehended the point made by the hon. member for Villeneuve, it has to do with the very last item of the schedule on page 12. I have some things I wish to say by way of correction of remarks made last night when we reach it.

Mr. Kennedy: Mr. Chairman, at the present time there is a 10 per cent sales tax on power driven equipment used for clearing bush. This is used considerably in areas where the cultivation of blueberries takes place. Since this type of equipment is necessary in the production of the crop, I should like to ask the minister to bring it under agricultural equipment and to remove the tax at some future date.

The Deputy Chairman: Is there any discussion on marine and fisheries? Is there any discussion on mines and quarries? Is there any discussion on miscellaneous? Is there any discussion on municipalities?

Mr. Dumas: Mr. Chairman, I have good reason to bring up the question of fuel oil under this item and I will explain the reason why I think I can bring it up under this

heading. In remote areas mining operations are carried on by companies which at the same time look after housing. In most cases they do not have any electric power and they have to use diesel motors.

Mr. Fleming (Eglinton): If my hon. friend will permit me, the provision on page 11 which the chairman has called applies only to goods sold to or imported by municipalities. It has nothing to do with goods sold to or imported by mining companies. I understood that my hon. friend was going to speak about the use of diesel fuel oil in internal combustion engines when used for that purpose by mining companies. That arises under the heading "processing materials" on page 12. The heading that the chairman has now called simply pertains to goods sold to or imported by municipalities for their own use and not for resale.

Mr. Dumas: Maybe the minister is right but I still think I am also right. There are many small communities not incorporated as municipalities where mining companies look after the housing for miners and other people in the community. The mining companies are called upon to look after this agglomeration of houses. I feel that we have many examples of that in northwestern Quebec, and the mining companies are going to be paying taxes on this fuel oil used in engines to produce electricity. I think this is discrimination against these mining companies. The minister should consider amending clause 7 of the act in favour of the mining companies, just as he did for the logging companies.

Mr. Fleming (Eglinton): This brings us directly to the point I was raising, that the matter appears under the heading "Processing materials", on page 12 of the bill. It is the last item, and that is where the lumbering and logging companies are dealt with. That is the point in the schedule, as I understand it, where my hon. friend thought perhaps there should be an enlargement. It is not the provision we are dealing with under the heading of "Municipalities".

Mr. Benidickson: Coming from the north as I do, I can understand the point that has been raised by the hon. member for Villeneuve. There is a very close connection between the type of service rendered householders by certain mining companies in the matter of generation and so on, and the type of service that would be provided by an organized municipality. I think that having regard to the exemption that is provided here for municipalities he is making a very good point to which consideration should be given. He is saying the same consideration should be given to the private company, a company town—it is really less than that, it is an unorganized area. The municipal services that normally are provided by the municipal government are provided by the mines or some other industry. If a duly constituted area is getting exemption for this very important item which, in terms, is passed on to the consumer, it seems to me that my hon. friend is very relevant in suggesting that an extension of this exemption must be made to the company areas.

Mr. Fleming (Eglinton): The hon. member for Villeneuve, Mr. Chairman, of course has his opportunity to raise this matter. There is no question about that. We discussed the point with reference to mines last night, in reference to the amendment that was being introduced with respect to the use of diesel fuel oil for internal combustion engines used in the logging operations and in the manufacture of rough lumber. There is no question about his right to bring that up.

Mr. Chevrier: Why not allow him to do so now and save time?

Mr. Benidickson: No, there is a suggestion in the last item to which my hon. friend the minister is referring that the materials must be consumed or extended directly in the process of manufacture or production of goods. My hon. friend from Villeneuve is speaking about a public service that is provided by a private company for home owners. It is the equivalent of this exemption that is given the municipalities to exempt them from sales tax on fuel that is used for the purpose of generating electricity in that community.

Mr. Fleming (Eglinton): We should not take up a lot of time on this. I thought what I was going to suggest would meet the desires of the hon. member. In this case the diesel fuel oil is used in the production of electricity, and not in the production of other goods, and that is why this matter falls under the clause I have mentioned. We have spent so much time now in talking about where it should be taken up, and I think it is quite clear that my hon. friend will have his opportunity to bring it up and the last item is the place because that is where we had our discussion on the subject last night.

Mr. Dumas: I do not object to discussing it under the last item of the schedule, if the minister is right in what he is saying that the diesel fuel oil used by municipalities in generating electricity could have been included in the last paragraph. However,

if the minister is ready to propose that amendment for the mining companies, as he did for the lumbering and logging companies, I am willing to wait until the last paragraph.

Mr. Crestohl: Perhaps before we approve this section under the heading "Municipalities" the minister could give us the proposed amendment to the last section.

Mr. Fleming (Eglinton): I did not say I was proposing an amendment to the last section. There is an amendment that was introduced into the resolution in committee of ways and means last evening.

Mr. Chevrier: The minister said he had a statement to make on it, did he not?

Mr. Fleming (Eglinton): Yes, when we come to that paragraph under "Processing Materials".

Mr. Chevrier: Would he make it now?

Mr. Fleming (Eglinton): It does not relate to municipalities at all.

Mr. Chevrier: The only fear we have is that if we wait until the last item "Processing Materials" to discuss the matter which the hon. member for Villeneuve wants to discuss it may be suggested we are out of order and that is why hon. members feel it should be discussed under this item.

Mr. Fleming (Eglinton): I expressed the opinion the hon. member for Villeneuve would be entirely in order in raising it there. I think that is clearly the place where it ought to be raised. There is no problem about his raising it at all. It was on that subject we had our discussion last night and clearly that is the place for it under "Processing Materials".

Mr. McIlraith: There seems to be a lot of time taken up on points of procedure. I hope my remarks will help to clarify it. The point under discussion last night was a proposed exemption for fuel oil for use in internal combustion engines in logging operations, and the suggestion was that should apply to mining operations and the production of minerals. The point under discussion now by the hon. member for Villeneuve is a different point. It is suggested there should be an exemption for diesel fuel oil for use in generating electricity, which electricity will be used for servicing groups of homes which in most parts of the country are grouped together in municipalities, but which in some parts of the country are not given municipal status but are operated by mining companies.

That latter point is in order under this subheading "Municipalities", and the other that was under discussion last night is in order under the subheading "Processing Materials". I would point out to the committee that the hon. member for Villeneuve is now discussing a different point from the one discussed last night, except that both points apply to mining companies. That is the only thing they have in common.

Mr. Crestohl: Can the minister tell us if there is a definition of municipalities?

Mr. Fleming (Eglinton): Not in this act.

Mr. Crestohl: Then, how are we going to differentiate between the form of set-up that a corporation in the north country creates by which it builds 100 houses, builds some streets and, in fact, becomes a mining municipality and providing the same sort of service as will be given by organized municipalities? If there is no definition of municipality, could we not, in some form, cover that sort of organization by a mining company or lumbering company? I think that is what the hon. member for Villeneuve has in mind. They will be generating electricity by using diesel fuel oil, so why should a creation of that kind not get the same benefit as an incorporated municipality? It is, in fact, a municipality without legal status. If there is no definition in the act, would the minister think an organization like that would be covered?

Mr. Fleming (Eglinton): No, Mr. Chairman.

Mr. Benidickson: There is one saving provision, I would think. It would be in the interests of the mining company to organize something that was the equivalent of a municipality, apply for an improvement district or something of that kind, because by so doing in the province from which I come they would get substantial provincial grants for school purposes and things of that kind. So I imagine even in a company town there is some form of organization that is the equivalent of a municipality.

Mr. Regier: I wonder if the minister would be good enough to explain the Excise Tax Act as it now applies to the purchase of automobiles and trucks by municipalities and what changes are involved in that regard as a result of this bill?

Mr. Fleming (Eglinton): Automobiles purchased by municipalities are subject to the sales tax. This is the form of exemption permitted to municipalities in the case of the purchase of equipment which is designed for these purposes but my hon. friend has observed that there is a clear exclusion from the terms of exemption on automobiles and ordinary motor trucks.

Mr. Regier: I believe the minister will admit that certain classes of trucks are

exempt from excise tax and I would like him to now say what are those types.

Mr. Fleming (Eglinton): Fire trucks, for example.

Mr. Regier: I rather regret the minister has not seen fit to aid the municipalities by exempting from excise tax all manner of trucks purchased by them. A number of municipalities have complained to me that it is only on their larger vehicles, and I am not quite sure that the minister is quite comprehensive enough when he says only fire trucks are exempted at the present time. My information may be wrong and the minister can no doubt correct me, but I believe certain trucks utilized for road building purposes are also exempt and have been so exempt for quite a while.

Mr. Fleming (Eglinton): That is right under the clause my hon. friend has read. The exempting provision is as follows:

> Equipment, at a price in excess of five hundred dollars per unit, specially designed for use directly for road making, road cleaning or fire fighting, but not including automobiles or ordinary motor trucks;

It is quite clear that leaving out ordinary motor trucks and automobiles, the clause provides that equipment that is used directly on road making, road cleaning or fire fighting and which costs more than $500 is exempt.

Mr. Regier: I am sure the minister will agree that these days the municipalities—especially the older ones—have a considerable need for motor vehicles such as light weight trucks and they find it more convenient and economical in many departments to supply their men with half-ton or one-ton trucks. Yet these vehicles are not exempt from excise tax.

There are also many departments of municipalities, especially in the urban areas, which have to be supplied with automobiles and if the government is really sincere in its desire to aid the municipalities and yet not interfere unduly with the concept that the municipalities are primarily the responsibility of the provincial government, it might at least extend to the municipalities all the aid possible within the confines of its own responsibility. This might be done by removing from the municipal corporations every taxation burden possible.

I know the department of the minister has been giving this problem some consideration and I wonder if he might outline to the house the reasons why the department—especially since he has taken office—has decided not to include automobiles and small trucks purchased by municipalities for municipal use in the exemption.

Mr. Fleming (Eglinton): Mr. Chairman, it will be quite clear to my hon. friend, if he examines the language of the amendment, that the type of amendment introduced pertains to equipment and exempts equipment of a nature associated with municipal use. That is very clear and would not admit of the equipment being devoted to some other use.

That principle does not apply in the case of ordinary automobiles purchased by a municipality, for instance, in the case of a fleet of automobiles for the transportation of members of the city council. Perhaps such a fleet after a year or two would be disposed of or turned in by the municipality and would then be purchased by someone else—possibly private persons—and no tax would have been collected on such vehicles. I am sure my hon. friend will appreciate that difficulties arise with respect to a fair application of the tax as compared with the purchase in the first instance by an ordinary individual who must pay tax. Here we have dealt with this matter in what we believe to be a sound and logical way. We have exempted the kind of equipment which the municipalities have to buy for essentially municipal purposes.

Mr. Regier: It is now being assumed, Mr. Chairman, that the municipality, for its police department and social welfare department or any other department for which automobiles are needed, is able to buy them without having to pay the excise tax, and that when the municipality after several years turns in these cars and buys a new fleet, somebody is going to get the benefit who was never intended to do so.

I must submit to the minister that when the corporation of the city of Toronto turns in 100 police cars to some firm and takes in a trade 100 new automobiles, the valuation placed by the dealer or automotive agency on these used cars would include some credit to the municipality concerned for the fact that the cars would be available for resale. It would not be the second hand purchaser who would get the benefit at all, it would be the municipality turning in the used cars, and I do not think the minister can successfully argue that benefit would accrue to anyone other than the municipal corporation.

The same thing applies to the half ton and one ton truck and to the station wagon, which is coming into greater use by municipal corporations. In most cases our municipalities use such vehicles, in the aggregate, to a far greater extent than the heavy fire trucks or road building items of machinery. This is especially so in the case of the older

urban areas where there is no longer any major road building left to be done and where the major items of fire fighting equipment already have been purchased. By far the greatest expenditures today are for the purchase of automobiles and small trucks for the use of the various departments of the municipalities.

I believe that if this government was sincere in its repeated expressions of sympathy for the municipalities it would have seen fit to extend this concession to them. The argument used by the minister is an old one which was also used by the former minister and I do not think he has readily given this problem very serious consideration. I sincerely hope he will do so before long.

Mr. McMillan: Mr. Chairman, under municipalities there appear the words "goods for use as part of a sewage and drainage system" and it says that the minister might name any agency to act on behalf of the municipality, which agency, I presume, would recover the sales tax. I may say in connection with sewer systems that there are different sizes of cast iron pipes—4 inches, 6 inches and 8 inches—that might be utilized. They also use pipes of these sizes in water systems, and I take it there is a sales tax payable on water pipes. How does the minister presume to differentiate between the use of these two different pipes when made to serve as water pipes or sewage pipes?

Mr. Winch: Mr. Chairman, I also am in the position of not quite understanding why the Minister of Finance will not give complete recognition to the principle that goods which are purchased solely for the purposes of municipalities ought to be exempt from taxation. I want to commend what the minister said a few moments ago, and support such steps as he now intends to take. But there appear to me to be a number of anomalies. For example, if a municipality purchases a fire engine, which lasts 10 or 15 years, they will be relieved of taxation of this kind, but I would point out that one of the larger expenses of a municipality is the purchase of cars and trucks, and these only last two or three years. Take, for example, the city of Vancouver and its requirement to purchase large numbers of vehicles for the use of the police department. These vehicles are all bought for a municipal purpose, and in Vancouver, as far as I know—and I think I know the situation fairly well—every time they purchase a new car for police purposes another car is turned in in exchange. In the long run all purchases made by a city or municipality are for the purposes of that city or municipality itself, and I am not able to understand the minister's argument that he cannot extend the policy which is exemplified in this bill to the point of removing sales tax on all municipal purchases.

Mr. Fleming (Eglinton): This is a very long subject. For one thing, we have a deficit this year of $648 million. For another, one would have to go very far in examining the different types of goods which are used by the municipalities. There are very great difficulties in applying the ordinary safeguards which it is the responsibility of the Department of National Revenue to apply in dealing with exemptions when goods of certain kinds are purchased by municipalities.

We have gone a considerable distance this year; we have gone that distance in seeking to create more exemptions for municipalities. The exemptions that are created by this bill in favour of the municipalities will be worth $5 million to the municipalities of this country in a year. We think that is a very substantial measure of assistance to municipalities, and we have moved in the direction of exempting goods of a nature with respect to which it is possible for the Department of National Revenue to exercise a proper degree of control. The department has, of course, the responsibility of policing the exercise of these exemptions and making sure that the exemptions are not being abused. We have made these exemptions in directions where we can be sure that it is the municipalities and the municipalities alone which will derive the benefit, and where we are not at the same time creating unfair discrimination.

Mr. Benidickson: The minister would agree that there is no restriction on exemption for sales tax with respect to hospitals? He accepts that there is full exemption in the case of public hospitals.

Mr. Fleming (Eglinton): And the same applies to the provinces. Goods purchased by a province are not subject to sales tax. But then it is so much easier to police the purchases made and to see that the act is being properly administered. You have 10 provinces in this country, but you have nearly 5,000 municipalities. It is an entirely different matter.

I have to point out in this connection, arising from the hon. member's remarks, that in the case of the provinces which impose a provincial sales tax they do not, I think, exempt the purchases made by municipalities.

Here we have gone a very long distance in a direction which will, I hope, commend itself

to the house in seeking to exempt municipalities from this tax. We have done so in cases where we can be very sure that the goods purchased are of a nature that will be used by municipalities and by municipalities alone, as far as we can see to it.

Mr. Benidickson: On that very point, I think the minister has a very good memory and I am sure he will remember that I had to tell him the very same thing not more than a couple of years ago. I explained the difficulty of dealing with 5,000 or so municipalities, and I explained, also, that certain of the provinces, whose children the municipalities are considered to be, were not exempting the municipalities from provincial taxation, even with respect to such purchases as were being exempted by the former government. But I would ask the hon. minister to have another look at this question, particularly in view of his former commitments and those of prominent members of his party. And, with regard to the most prominent of his colleagues, I refer to page 3396 of the 1956 volume of *Hansard,* when the hon. minister's leader at that time said there should be no sales tax imposed on municipalities and school boards.

And now with regard to this item, I should just like to be given some explanation with respect to the composition of the bill. Am I right in thinking that we have here a new section?

Mr. Fleming (Eglinton): Yes.

Mr. Benidickson: That in itself is not underlined. I am not trying to be unduly critical in this respect, and I have great regard, of course, for the gentlemen who look after these things, with whom I was recently associated. But I may say that when I was trying to do a little homework on this bill I found some difficulty. I find it even tonight. I take it that the minister has before him the latest consolidation of the act as we discussed it last night, the consolidation which was published in August, 1957. On page 31 of that consolidation we have the former reference to exempting municipalities from sales tax.

I want to make this observation to those who draft these bills. It is very helpful to members of parliament—and the bills are first of all for their purposes—if when there is some change in placement of an enactment a notation were to appear on the right hand side of the page to the effect that there has been a change. It would be very easy for those who have spent many weeks dealing with the material to indicate on the right hand side that there has been a change. In the resolutions, for instance, I found it difficult to locate the change relating to structural steel versus aluminum for bridges. I know that my hon. friend has had more recent familiarity with the act than I have and I would like him to point out to me where I will find the exemption for structural steel for bridges in the consolidation.

Mr. Fleming (Eglinton): Yes, Mr. Chairman. On page 30 under the heading "Certain Building Materials" about ten lines from the bottom of the page. The item reads:

> Structural steel when purchased by municipalities for the construction of bridges in highway systems.

Mr. Benidickson: I thank the minister for his courtesy. I had difficulty finding what is now the fourth item under the miscellaneous grouping under the heading "Municipalities". If there is to be a redesigning of the structure of the bill there should be on the right hand page an indication that would prove helpful to hon. members of parliament.

Mr. Fleming (Eglinton): I thank my hon. friend for his suggestion. I think he has a point that could well be kept in mind by the draftsmen of bills. It has not been the practice in the past to give notes on the right hand side of the page opposite schedules to bills. The practice has been to do so opposite the substantive provisions of the bill clause by clause but not in the case of the schedules appended to the bill. In the present case I think it is quite clear that what has been done by the draftsman is to bring about a convenient rearrangement.

Mr. Benidickson: Oh, I approve of the new section. I thought it should be drawn to our attention when we are trying to study the bill.

Mr. Fleming (Eglinton): There is no change in the provisions of the act in the respect that is mentioned, but for convenience—and I think it is commendable—the draftsmen have gathered together under a new heading "Municipalities" those items which in the case of materials purchased by municipalities for their own use and not for resale had not previously been gathered together under one heading.

Mr. Winch: Mr. Chairman, I should like to refer back to the comment made by the Minister of Finance a few moments ago on the question of the exemption from taxation of certain purchases by municipalities. First of all I wish to convey through you to the minister the appreciation of all of us for the recognition the minister has given in terms of a reduction in certain taxes paid by municipalities on their purchases but he outlined this as a principle and in my opinion did not follow through on the principle itself.

According to the terminology of the bill the tax is to be removed on purchases by the municipalities of certain materials such as culverts, diesel fuel oil, fire truck chassis and so on. That is a good principle without doubt and it is something for which many of us have fought over the years. But I do not personally understand the view expressed by the minister a few moments ago.

To the best of my knowledge a municipality would purchase a fire truck chassis perhaps once in five or 15 years but the municipalities constantly make heavy expenditures of other kinds. I think, for instance, of the welfare departments of municipalities and also of the police departments. The police department of a municipality represents one of its most heavy expenditures and they are required to purchase automotive equipment for that department.

I feel that I know something about the purchases made by the city of Vancouver and when the city purchases equipment for its departments of welfare, police or parks it is not purchased with the idea of reselling it. When new equipment is purchased the old equipment is invariably turned in on the purchase of the new material.

I hate to put it this way but I am going to do so. In view of what the minister said a few moments ago I can only conclude that he was implying that he suspects the municipalities may be guilty of bootlegging automotive equipment.

Mr. Fleming (Eglinton): No, no.

Mr. Winch: One cannot take any other interpretation from what was said by the minister. He not only said it once but twice. I do not believe there is a municipality in this country that makes any purchase with the idea of deriving the benefit of sales or excise tax exemptions and then re-selling the object for a profit. The municipalities do not try to cheat the federal government nor evade paying tax nor do they engage in bootlegging equipment purchased by them.

The majority of hon. members of this house know something about the expenses of municipalities. The municipalities have heavy expenditures for police and fire protection, park maintenance and operations and drainage, sewerage and waterworks operations but the present bill does not extend to expenditures in connection with these operations the principle outlined by the minister. The minister deserves commendation for the $5 million start he made on what he himself admits is a correct principle that a municipal government should not have to bear a federal tax on its basic purchases but the application of the principle should be extended to the fields of municipal activity I have outlined.

I would like to ask the minister if he believes—and I think he will admit he does believe—in the honesty of municipalities. If he does, the present bill should be extended to provide further tax relief on the necessary purchases of municipalities in discharging their governmental responsibilities.

Mr. Badanai: Mr. Chairman, I have already dealt with the unfortunate omission of trucks and automobiles in the exempt class by the minister. Now, I wish to bring to the attention of the minister the importance to the municipalities of snow removal equipment. This equipment is very important to municipalities such as Fort William and all the northern Ontario cities, which must have snow plows and snow removal equipment which cost a great deal of money. A snow blower would cost approximately between $20,000 and $25,000. Snow plow equipment is not purchased for the purpose of resale, nor is it something we purchase every year. A piece of equipment would last probably five years to 10 years. Snow removal is a very important feature in a municipality. We in Fort William pride ourselves on keeping our city streets clean and we do plow them after every snow storm. Is the minister going to consider giving relief on that class of snow removal equipment?

Mr. Fleming (Eglinton): There is no occasion for consideration of that because that equipment is already exempt. If my hon. friend will look at page 11 of the bill, about line 10, he will see that certain named goods sold to or imported by municipalities for their own use and not for resale are exempt. Now, the goods that I cited and the words following them include:

> Equipment, at a price in excess of $500 per unit, specially designed for use directly for road making, road cleaning or fire fighting—

And road cleaning includes snow removal.

Mr. Regier: Is it just the chassis?

Mr. Fleming (Eglinton): This is not confined to a chassis; this applies to the equipment.

Mr. Regier: Would the minister inform the house whether the motor of a fire truck is exempt from the excise tax? I notice it says "fire truck chassis". Would he define what it means exactly? Does it not include also the price of the motor?

Mr. Winch: At the same time would he also explain why only the chassis of fire fighting equipment bought by a municipality, city or town is exempt?

Mr. Fleming (Eglinton): Mr. Chairman, I think there seems to be a misapprehension. The truck in that case has been exempt. The question that arose was in the case of a part of certain equipment, and here in the amendment we have spelled out the fire truck chassis for the permanent attachment thereon of fire fighting equipment to be used directly in fire fighting. Cases have arisen where it has been found that attempts have been made to add all kinds of things to the fire vehicle, on the truck chassis, which were not intended, and this amendment has been introduced to make it quite clear and assure to the municipalities exemption in the case of the fire truck chassis for the permanent attachment thereon of fire fighting equipment to be used directly in fire fighting.

Mr. Winch: Does that include the motor?

Mr. Fleming (Eglinton): This provision enables—and this was widely sought, I may say—the municipality to purchase the chassis from a local dealer and then take it over to someone else to have the firefighting equipment attached to it.

Mr. Winch: Would you mind answering my question.

Mr. Fleming (Eglinton): Because, if he buys the whole fire fighting vehicle, equipment and all, it is now tax exempt.

Mr. Winch: Why the devil don't you say so?

Mr. Fleming (Eglinton): The chassis, Mr. Chairman, includes the motor that operates it.

Mr. Winch: I am sorry, it does not.

Mr. Fleming (Eglinton): That is the interpretation that has been put on it and that is really what counts for people paying the tax.

Mr. Benidickson: If that is so, if the chassis includes the motor, surely it has always been an article of value over $500. Would it be exempt under the existing legislation?

Mr. Fleming (Eglinton): It has not been a fire truck.

Mr. Crestohl: Mr. Chairman, the minister suggests the fear of a sale of a fleet of automobiles to a municipality and that ultimately those automobiles may be disposed of in a way by the municipality that the tax might not be paid? Now, when he suggests that a fire truck or the chassis of a fire truck could even be dealt with in such a way that something else could be constructed on it and again deprive the government of the tax, is he not going a little bit too far in questioning the integrity of the municipalities?

Mr. Fleming (Eglinton): Mr. Chairman, there is no questioning of the integrity of municipalities involved; it is a question of constructing legislation which can be properly administered by the Department of National Revenue which is charged by parliament with that responsibility.

Mr. McMillan: I asked a question a while ago and perhaps the minister did not hear it. I wanted to know how the department would police the end use of pipe? For instance, four, six and eight inch cast iron pipe is used both in waterworks systems and sewage systems. According to this amendment, any agency might be named by the municipality or by the minister on behalf of the municipality. I should like to know just how the minister would police it in connection with these different agencies?

Mr. Fleming (Eglinton): Mr. Chairman, I am sure my hon. friend is aware that this exemption exists in the case of these things when purchased by municipalities. I am informed that there is no difficulty in the administration in this respect and none is anticipated as a result of the enactment of the proposed exemptions. It is a matter of establishing by invoice, or by whatever other form of proof is required, that the pipe in question was purchased as part of a sewage or drainage system.

Mr. McIlraith: Not for the waterworks.

Mr. Fleming (Eglinton): Not for the waterworks system or water supply. This has nothing to do with the purchase by individuals of pipe for the course of their own water supply. This has to do with purchase by municipalities, and I am informed that the department anticipates no difficulty in administration in this respect.

Mr. Bourget: In that case, would the municipality have to supply plans to show that the cast iron pipe will be used for the sewage system only, because very often cast iron pipes are used in other systems and you would not be able to detect that by the invoice. You would have to ask the municipality to show you the plans and the length and the size of the cast iron pipes. Cast iron pipes are used in other places. You cannot detect unless the department has a certain way of doing it.

Mr. Fleming (Eglinton): Mr. Chairman, I think it is a matter that we can be sure will be covered by the invoices in question. A point was raised on a similar subject in the committee of ways and means as to whether it may be necessary to take account of the change in the provisions of the law with regard to the ordinary documents pertaining to sale. That might be. In any event, it will be necessary for the municipalities receiving

the exemption to show to the department that the pipe, whether cast iron or of some other material, is used as part of a sewage or drainage system. I can only repeat that the department informs me they anticipate no difficulty in administering this particular feature.

Mr. Benidickson: I raised last night the question of the tendency to have a great deal of installations of sewage and drainage systems done by the subdividers of property. I take it that these people are not contemplating as being included in the reference here to "any agency operating a sewage or drainage system." I assume they do not operate such systems but simply instal them. Therefore this provision is not related to the problem of the subdivider who has an obligation to instal these things.

Mr. Fleming (Eglinton): We dealt with the question of the subdivider last night. I think the matter is clear and I do not understand that my hon. friend wishes to speak further about it. What we are speaking about here with respect to an agency would be such an agency or commission as exists in some provinces. For instance, in the province of Ontario we have a commission established under provincial legislation which assists municipalities in the purchasing and financing of drainage and sewage systems. If the goods were purchased by the government for the province they would be exempt. If they were purchased by the municipality they would be exempt. In this case this particular commission is the agent of the municipality for this purpose and the matter, of course, presents no difficulty whatever from the point of view of administration.

Mr. Benidickson: But in order to obtain the exemption, if the construction is done by the subdivider the subdivider will probably have to change the form of his contract with the municipality so that the municipality purchases the materials. Otherwise there is no tax exemption which in the end would benefit the home owner who has to pay for these things in the long run.

Mr. Fleming (Eglinton): I think that is right. We went over that point last night. The contractor in this case may invoice the municipality separately for the work done and for the sewer pipe and equipment sold to the municipality. It is not going to present any serious problem from the point of view of establishing the contractual arrangements that are required to permit the exemption to be had in a case of that kind.

Mr. Benidickson: We have had a good discussion this afternoon and I see that the hour of adjournment is rapidly approaching. It does seem to me that for the benefit of readers of *Hansard* it would be appropriate if the hon. member for Villeneuve were permitted to indicate the point he has in mind. I think we have all received telegrams from certain mining organizations referring to discrimination in the case of diesel fuel oil for use in generating electricity. Other purchasers have enjoyed this tax exemption in the past and as the matter is relevant to the section we are discussing I think we should hear the hon. member.

Mr. Fleming (Eglinton): Mr. Chairman, there is one opportunity I would crave before the committee rises at six o'clock and it is nearly that time now. I wish to place on record a correction of a statement I made last evening while we were on this same subject in committee of ways and means. In dealing with the matter of diesel fuel oil when used in internal combustion engines and reviewing the course of events since this question came to the fore last October, I gave the committee information I had then received in reply to a question with respect to whether there were any cases where mining companies had made claims since October and where these claims had been acknowledged by the department. The information I gave the committee, and which I had just received, was that there were no such cases.

I have learned since that that information is not correct. I should like to tell the committee that I regret that incorrect information was given to the committee and I should like to say now by way of correction that there have been cases since the situation arose which I described last night where mining companies have made claims in respect of the sales tax on diesel fuel oil used by them in internal combustion engines, which engines were used directly in the process of manufacture or production of goods, in this case mining operations. There have been cases of that kind. They began in March and extended to May and there have been refunds paid to these companies in a number of cases in the light of the view that the Department of National Revenue took of the situation when the matter arose first in October of 1957, in that case with respect to a municipality. As I mentioned last night, the view that was expressed was not one arising out of a judicial decision. There has been no decision on this question by any competent court.

The interpretation that the department had been placing on the words I quoted last night was challenged by a municipality and after some consideration enough doubt was raised as to the effect of the provision of the schedule that the Department of National Revenue

decided in that case to admit the claim of the municipality. Notification was given at the same time to logging and lumbering companies because it was felt that they came within the same provision. Later the Canadian manufacturers association, I am told, was made aware of the course of action.

When I spoke last night I stressed the fact that logging and lumbering companies had received the benefit of the ruling. I said then that my information was that in no case had a mining company made a claim and had its claim acknowledged by the department, but I want to correct that now.

Mr. Benidickson: I thank the minister for his explanation. The hon. member for Kootenay West and myself raised the question last night with respect to mining companies specifically. I saw the minister consulting his officials and I am sure he got information from them that no mining company had benefited.

Mr. Fleming (Eglinton): The signals got a little mixed.

Mr. Benidickson: In any event, they may not have been the officials who had to do with the exemption claims. In order to complete the record, and it would only take two or three minutes, I think that the hon. member for Villeneuve might read the telegram that most of us have received from the mining companies.

An hon. Member: Six o'clock.

Mr. Benidickson: It will complete the continuity of the discussion. It may be days before we get back to it.

Mr. Fleming (Eglinton): I think we have all received the telegram.

Mr. Dumas: If I may be permitted to do so, I will read the telegram. It was addressed to me and similar telegrams were sent to many other members of the House of Commons. It reads:

> Note first reading and passage of budget resolution re excise tax on diesel fuel used in generating electric power. As legislation now stands tax removed for municipalities and for logging and lumbering operations. After temporary suspension tax now reimposed on fuel used to generate electricity for mining operations. This measure greatly disturbing to mining industry which regards it as discriminatory and restrictive. Power for mines in settled areas supplied from established hydro stations not subject to tax. Present regulations impose great hardship on mining operations in remoter areas entirely dependent on diesel fuel for power and on new mines awaiting hydro power. To subject such mines to this tax appears discriminatory and not in keeping with government's declared intention of encouraging northern development. Trust careful reconsideration and revision will be given to the regulation by final passage by parliament.

This concludes the telegram, Mr. Chairman, but I wish to add to what has been said in this telegram. I suppose I shall have an opportunity later.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I ask the house leader what the business is for tomorrow?

Mr. Green: Mr. Speaker, tomorrow we shall commence with item No. 21, which is the resolution preceding the amendment to the Children of War Dead Act; that is to go to the standing committee on veterans affairs, and we hoped it could get second reading tomorrow in order that it can be sent to that committee. Then, we shall take agriculture estimates.

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

Question

ANSWER TO QUESTION

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

PRODUCTION OF MARGARINE AND SPREADS

Question No. 169—**Mr. Deschatelets:**

How many pounds of margarine or similar spreads were produced in each province from June 1, 1957 to June 1, 1958?

Answer by: **Hon. Gordon Churchill (Minister of Trade and Commerce):**

Margarine and spread production in Canada, June 1, 1957 to May 31, 1958:

Ontario	98,124,334
British Columbia	13,062,710
Other provinces*	24,798,059
Total	135,985,103

* In compliance with section 15 of the Statistics Act production for individual provinces other than Ontario and British Columbia may not be released.

HOUSE OF COMMONS

Thursday, July 31, 1958

The house met at 2.30 p.m.

COMMITTEES OF THE HOUSE

MISCELLANEOUS PRIVATE BILLS—CONCURRENCE IN SEVENTH REPORT OF STANDING COMMITTEE

Mr. R. J. McCleave (Halifax) presented the seventh report of the standing committee on miscellaneous private bills, and moved that the report be concurred in.

Motion agreed to.

Sixth report of standing committee on railways, canals and telegraph lines.—Mr. Fraser.

Fourth report of standing committee on mines, forests and waters.—Mr. Murphy.

EXTERNAL AFFAIRS

LEBANON—STATEMENT ON ELECTION OF PRESIDENT

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I have a statement to make on UNOGIL and the Lebanese election.

Hon. members have no doubt already heard that the Lebanese chamber of deputies has elected General Fouad Chehab as the next president of the Republic of Lebanon. We in Canada sincerely welcome his election, both because of the widespread respect which he enjoys both inside and outside Lebanon and also because of the reassuring evidence afforded by his election that the Lebanese people are determined to put an end to the difficulties which have unhappily divided them in recent months. We express the hope that the transitional period before the new president takes office will pass peaceably and without further disturbances. We trust that under his presidency the task of the United Nations observation group will continue to be facilitated, and that UNOGIL will be able to contribute to conditions of stability that will render easier the task undertaken by the general.

On July 22 mention was made in this chamber of the increasing effectiveness of the United Nations observation group in Lebanon. It was announced then that in response to a request by the Secretary General of the United Nations the government was assigning an additional three Canadian officers for service with UNOGIL and that attention would be given to any further requirements as events transpired. There is every indication that despite the Soviet veto on July 22 of the resolution proposed by Japan—that was the resolution within the security council—it has been possible for UNOGIL, within the authority granted it by the security council resolution of June 11, to expand the scope and area of its operations.

We have now received a further request from the secretary general for additional assistance, and in response have agreed to assign an additional seven Canadian officers. This will bring to 20 the number of officers —in a total force of some 200—sent from Canada to help in this operation.

It is encouraging to note that so far 20 countries have been approached to provide personnel for UNOGIL, indicating the breadth of the international base that is being sought and achieved for this exercise which we believe will bring about the preservation of peace.

SUMMIT CONFERENCE—PROPOSED MEETING ON AUGUST 12

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I wish also to take this opportunity to say something in regard to the heads of government meeting and the security council. The Prime Minister of the United Kingdom announced in the House of Commons at Westminster today that in the reply he has sent to Mr. Khrushchev's message of July 28 he has suggested that the proposed high level meeting of the security council be held on August 12, the place and details of the meeting to be worked out in the security council by the permanent representatives of the member states. The Canadian government welcomes the positive stand taken by Mr. Macmillan, a stand which is fully in conformity with the position I have taken ever since the suggestion for a summit conference on the Middle East was put forward.

As has been made clear in the House of Commons on more than one occasion, the government of Canada stands ready today to do all in its power to promote the successful completion of the steps now contemplated to the end that this meeting may take place. If the security council, of which Canada is currently a member, is in fact convened at heads of government level on August 12 in New York or elsewhere, I shall be ready to

attend. If Canada can make any contribution to the success of the proposed conference, and that includes the convening of the meeting of the security council at the summit, that contribution will be made willingly and with full confidence that it will have the approval of all those who are sincerely dedicated to the cause of peace.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I am sure all hon. members of the house and certainly hon. members on this side will welcome the news the Prime Minister was good enough to give the house to the effect that the representatives of the people of Lebanon have chosen a president in the person of a distinguished Lebanese patriot. We must hope that this step will help bring to an end the civil disturbances in Lebanon and restore peace and stability in that country, and thereby make possible the withdrawal of outside forces, in this case forces from the United States of America.

I noted with interest what the Prime Minister said about the strengthening of the United Nations observation group. That strengthening should make it possible for the group to discharge its functions in Lebanon, which in turn would make it still easier for the United States forces to withdraw. We most warmly support the decision of the government to add another seven officers to that peace preservation corps under the flag of the United Nations. I can think of no way in which the Canadian army through its officers could better act in the present circumstances than as part of this peace preservation corps.

So far as the summit conference is concerned, we welcome also the information that it is now likely to be convened very shortly, and I reiterate the hope already expressed that after an initial meeting of the full security council, which without doubt will be subject to a great deal of publicity, perhaps those governments most concerned will be able to meet in some manner under the auspices of the United Nations in as much privacy as they can obtain, and not only make a contribution to the solution of the immediate crisis in the Middle East but begin a process of settlement by international agreement, including all the governments concerned, covering those political and economic problems which have plagued that area for so many years and which, if not settled, will undoubtedly before long result in another crisis in that part of the world.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, we in this group are pleased with the further indication that there is a relaxation of the tension in Lebanon because it has been possible to elect a new president. We, of course, welcome wholeheartedly the announcement that UNOGIL will be strengthened in that area. We know that Canadians will support unanimously an increase in Canada's contribution. We express the hope that Canada will encourage the United States to withdraw its troops from this state as early as possible. We feel that the presence of United States troops in Lebanon has added to tension and is continuing to add to tension, and that they should be substituted by a strengthened UNOGIL immediately.

We welcome also the announcement by the United Kingdom that she is prepared to take part in a summit meeting, beginning August 12, at the United Nations. We express the hope that this summit meeting will be fruitful, that it will deal with the basic problems facing the people of this area, and that from that meeting will come not only arrangements for the withdrawal of the troops of the United States and the United Kingdom but also a program formulated for economic development that will result in the oil resources in that area being developed in the interests of the people who reside in those nations. We further express the hope that from the summit meeting will come an agreement which will lead to free elections in those nations so the people themselves may control their political as well as their economic destinies.

CEYLON—STATEMENT ON REQUEST FOR FURTHER ECONOMIC AID

Hon. Sidney E. Smith (Secretary of State for External Affairs): Mr. Speaker, late in May the Canadian government received an urgent appeal from the government of Ceylon for economic aid, which it will require in order to finance a broad development program designed to strengthen its economy and provide a substantial increase in the standard of living of its people. Subsequently discussions have taken place between the ministers and officials of the governments of Canada and Ceylon concerning the nature of the assistance which Canada might contribute.

On the basis of these discussions, and having in mind the request made by Ceylon, it was decided to offer Ceylon a loan of $2 million to finance the purchase of 25,000 tons of flour and to make an outright grant of 5,000 tons of flour valued at $400,000.

I take this opportunity to inform the house that the government of Ceylon has decided to take up this loan and grant, and the shipment of the first 10,000 tons of flour will be made before the end of December of this year. The remainder of the flour

being made available under the loan and the grant will be shipped in the first quarter of 1959.

It will be recalled that on January 8 of this year my colleague the Minister of Trade and Commerce announced that a $15 million grant of flour and wheat would be made to India, Pakistan and Ceylon, and that $35 million in credit for the purchase of wheat and flour would be available upon request to all Colombo plan countries. Of the $15 million grant Ceylon received $3 million worth of flour.

In February last a loan of $25 million was made to India leaving $10 million uncommitted, and it is from this sum that the current loan to Ceylon is to be financed. The terms of the loan are identical with those covering the loan to India, that is the loan is repayable in seven equal annual instalments, with the first payment due at the end of the second year. It will bear interest at the rate of 4¼ per cent, payable annually.

I add to this statement that in the course of these discussions it was a matter of concern that the flour that Canada was being asked to provide to Ceylon might seriously jeopardize Australia's normal sale of wheat and flour to Ceylon. We have received firm assurances from the governments of Australia and Ceylon that the flour which we are now making available under the current loan and grant will not affect adversely Australia's interests.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, may I ask the minister whether this particular grant to Ceylon, which we on this side support, is additional to the grant to India and Pakistan previously announced, and additional to the Colombo plan contribution?

Mr. Smith (Hastings-Frontenac): That is correct, Mr. Speaker.

CRIMINAL LAW

CANADIAN PENAL SYSTEM—CONFERENCE TO CONSIDER FAUTEUX REPORT

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, I am pleased to be able to inform the house that our study of the Fauteux committee report and recommendations has now proceeded to the stage where we will be able to call a meeting with the provincial representatives to discuss the whole matter. I have accordingly written to the provincial attorneys general asking them to name a period within the month commencing September 16 when they would be able to come to Ottawa for a meeting for that purpose. It is anticipated that discussions will cover the whole field of the Fauteux recommendations, including especially those where joint action or agreement by the dominion and the provinces is indicated. We on our part will be prepared to discuss all aspects and implications of the recommendations in that area, including any proposals put forward by the provinces.

TRADE

UNITED STATES—STATEMENT ON PRESSURE TO CURTAIL IMPORTS OF ALUMINUM

On the orders of the day:

Hon. Sidney E. Smith (Secretary of State for External Affairs): Yesterday the Leader of the Opposition asked me a question with respect to the export of aluminum from Canada to the United States. My answer is that the government is aware of the efforts of primary aluminum producers in the United States to seek relief from the effects of a general decline in the level of their production. It is my understanding that one of the points raised by the United States industry is the adverse effect of Soviet sales of aluminum in world markets at cut-rate prices. These sales have also affected our exports.

While there has not been any direct attempt on the part of United States producers to identify their difficulties with imports of aluminum from Canada, the submission made by the producers to the United States administration proposed that there should be a regulation of imports from foreign countries. Any restrictions imposed on the import of aluminum into the United States or any action to raise the duty on aluminum would, of course, cause substantial damage to our Canadian interests.

It was with that thought in mind that we raised this matter in the discussions we had when the President and the Secretary of State of the United States were in Ottawa earlier this month. Our representatives in Washington are following developments closely, and the house can be assured that we shall take whatever action may be necessary to bring our views to the attention of the United States government.

BRIDGES

WELLAND CANAL—INQUIRY AS TO FEDERAL CONTRIBUTION

On the orders of the day:

Mr. W. H. McMillan (Welland): I should like to direct a question to the Minister of Transport and, in his absence, to the minister in charge. Is it the intention of this government to make any contribution toward the cost of the proposed three overhead

bridges to be built by the Ontario government over the Welland ship canal at Homer, at Welland and at Port Colborne, as reported in today's Toronto *Globe and Mail*? Also, are tolls to be charged on those bridges?

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, in the absence of the Minister of Transport I will take the question as notice and see that it is brought to his attention for an early reply.

MONTREAL—INQUIRY AS TO CONSTRUCTION OF THIRD BRIDGE

On the orders of the day:

Mr. Adrien Meunier (Papineau): I would like to ask the Minister of Transport, or in his absence the acting minister, whether the minister has recently received representations requesting the implementation of the decision taken by the previous administration to build a third bridge over the St. Lawrence river in the east end of Montreal?

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, I will have to follow the same course as in respect to the other two questions and shall bring the matter to the attention of the minister upon his return for an early reply.

IMMIGRATION

HUNGARIAN REFUGEES—REPORTED DECISION TO ADMIT ADDITIONAL 1,000

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I wonder if I could ask the Acting Minister of Citizenship and Immigration whether the report in the press is correct that an additional 1,000 Hungarian refugees are to be brought to Canada at the expense of the government?

Hon. E. D. Fulton (Acting Minister of Citizenship and Immigration): Mr. Speaker, I would not care to comment on the accuracy of the figure in the absence of the minister. I can, however, confirm that a decision in principle was taken, but I would ask the hon. gentleman to wait until tomorrow or until the return of the minister for any comment on the actual number.

Mr. Pickersgill: I wonder whether the acting minister would be good enough at the same time to ask the hon. lady whether she could inform the house how many of the Hungarian refugees in Canada who were seeking employment are still unemployed and being cared for by the department, and also how many of those who came here have returned?

Mr. Fulton: I shall be glad to bring that question to the attention of the minister, but in the meantime I think the house and the hon. gentleman will be glad to know that in both cases the number is satisfactorily small.

Mr. Pickersgill: I thought it was, Mr. Speaker, and I am delighted.

Some hon. Members: Oh, oh.

NORTHERN AFFAIRS

YUKON—STEPS TAKEN TO FIGHT FOREST FIRES

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I wish to address a question to the Acting Minister of Northern Affairs and National Resources based on a newspaper report that caused my body temperature to rise as a conservation enthusiast. In view of newspaper reports to the effect that in the Yukon fires are being allowed to sweep through the country unchallenged, except where they threaten homes, would the minister inform the house whether this statement is correct? If so, would the minister inform the house whether consideration has been given to the use of armed forces personnel for firefighting purposes in order to limit as far as possible the destruction of our forest resources in the Yukon?

Hon. D. S. Harkness (Acting Minister of Northern Affairs and National Resources): Mr. Speaker, in the absence of the Minister of Northern Affairs and National Resources I should like to reply to this question. Before doing so, however, I should like to say that the hon. member for Yukon has been in daily touch with the minister and the department in connection with these fires.

I can assure the hon. member for Kootenay West that not only has consideration been given to the possibility he suggests but that members of the armed forces and of the R.C.M.P. have been actively engaged in the firefighting effort, and have made a tremendous contribution in helping to limit as far as possible the destruction of our forest resources in the Yukon.

It should also be made perfectly clear that firefighting activities have not been limited to those fires which threaten federal housing. In such a vast area so sparsely populated it is, of course, not possible to fight every single fire. Consequently it has been necessary to concentrate efforts on those fires which threaten the most valuable forest resources and, of course, those which endanger human life and property.

Under the direction of the commissioner of the Yukon Territory great efforts are being made to bring the fires under control. In addition to the regular force of forestry officers and members of the armed forces and of the R.C.M.P., a good deal of equipment and extra

personnel have been brought in from outside, notably from several of the national parks. Above all, tribute should be paid to the civilian population of the territory, who are bending every effort to help bring these fires under control.

The house will be pleased to learn that, in part because of the coming of rain but in very large measure because of the exceptional efforts of everyone participating in the fire-fighting activities, the threat has been greatly diminished in recent weeks, and the worst of the fires have been largely contained.

Mr. G. J. McIlraith (Ottawa West): May I ask the minister if he would explain how the member for Yukon was in constant daily touch with the minister concerned in the minister's absence?

Mr. Harkness: I think the hon. member must have been around here long enough to know that when a minister is absent another minister is in charge of his department.

Mr. McIlraith: May I take it, then, that the minister's answer was incorrect to that extent?

Mr. Harkness: The hon. member apparently, in spite of having been here for some 15 or 20 years, still does not understand how government is carried on.

FISHERIES

FRASER RIVER, B.C.—REQUEST FOR EXTENSION OF SEASON

On the orders of the day:

Mr. Harold Hicks (Fraser Valley): Mr. Speaker, I would like to ask the Minister of Fisheries, not only on my own account but also on behalf of the member for New Westminster, if there is going to be an advance in the time of fishing between the Pattullo bridge in New Westminster and the Mission bridge on the Fraser river?

Hon. J. A. MacLean (Minister of Fisheries): Mr. Speaker, both the hon. member for Fraser Valley and the hon. member for New Westminster have given me notice of intention to ask almost identical questions on this matter.

This is a matter which has been brought to my attention from time to time during the last year by those especially interested, and as a result I have had a thorough investigation made of this salmon fishery between the New Westminster bridge and the Mission bridge over the Fraser river which, under subsection 14 of section 67 of the British Columbia fishery regulations, must ordinarily close on September 15 of each year. My object was to determine whether the season in the area might be extended without endangering conservation.

The problem is complicated, as there are five species of salmon involved in this fishery. Each is constituted of a race which runs at a different time and to a different river. It is obvious from the reports that early closure has benefited some runs to a slight extent, while others do not appear to be affected. I feel that the analysis must be carried further before a final decision is reached and this will be done.

For the year 1958, however, action has been taken to amend the regulations to permit salmon fishing in the area concerned, but of course subject to the provision that the area director of the fisheries department in British Columbia may use the over-all powers given to him under the regulations to prohibit fishing for part or all the season, should it be determined that such action is necessary for the protection and proper escapement of the salmon to the spawning grounds.

CRIMINAL CODE

CRUELTY TO ANIMALS—INSPECTION OF ANIMALS TO BE USED IN BULLFIGHT

On the orders of the day:

Mr. Lucien Cardin (Richelieu-Vercheres): Mr. Speaker, I should like to address a question to the Minister of Agriculture. Would the minister inform the house if the bulls which are to take part in the deplorable exhibition at Lindsay this week end have been imported and, if so, were they subject to the usual tests and quarantines?

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, I do not know whether they have been imported or not; the only knowledge I have in connection with the matter is that if the bulls were imported for any purpose they would be inspected in the normal manner by the health of animals division.

Mr. Cardin: May I ask a supplementary question. Would the minister tell the house why his department does not protest the use to which these bulls are to be put?

Mr. Speaker: If the hon. member will refer to *Hansard* of 30 days or so ago, he will find that this question was dealt with by the Minister of Justice.

IRRIGATION

SOUTH SASKATCHEWAN RIVER—REQUEST FOR TABLING OF AGREEMENT

On the orders of the day:

Mr. J. R. Tucker (Trinity-Conception): I would like to address a question to the Minister of Agriculture. Could the minister table

a copy of the agreement on the South Saskatchewan dam project which was signed July 25?

Hon. D. S. Harkness (Minister of Agriculture): Yes, Mr. Speaker, I will be very pleased to table a copy of that agreement.

Mr. Pickersgill: In French?

TRANSPORT

SHERBROOKE, QUE.—REPORTED FEDERAL ASSISTANCE IN CONSTRUCTION OF UNDERPASS

On the orders of the day:

Mr. Samuel Boulanger (Drummond-Arthabaska): I should like to ask the Minister of Transport, or in his absence the acting minister, a question based on a report in the Sherbrooke newspaper in connection with a recent delegation from that city to the minister in question. Did the minister promise this delegation a grant for the construction of an underpass on Acadia street under the C.P.R. main line?

Hon. E. D. Fulton (Minister of Justice): Not having received notice of the hon. member's intention to ask this question in the capacity in which I now appear I will have to take it as notice. I will bring the question to the attention of the minister for his early reply.

Mr. Boulanger: I did send a note before noon.

Mr. Fulton: I did not receive it.

PUBLIC WORKS

SHERBROOKE, QUE.—REPORTED FEDERAL ASSISTANCE IN CONSTRUCTION OF MAIN SEWER

On the orders of the day:

Mr. Samuel Boulanger (Drummond-Arthabaska): I would like to ask a question of the Minister of Public Works with regard to a delegation which is reported to have visited Ottawa from the city of Sherbrooke. Was this delegation promised a grant for the construction of a main sewer which will cost $1 million, with a view to relieving the unemployment situation in that city?

Hon. Howard C. Green (Minister of Public Works): I thank the hon. member for giving me notice of this question. I have not had the privilege of meeting a delegation from Sherbrooke, but I should be very glad to meet such a delegation.

CANADIAN NATIONAL STEAMSHIPS

REQUEST FOR RECONSIDERATION OF SALE AND SETTLEMENT OF STRIKE

On the orders of the day:

Mr. H. J. Robichaud (Gloucester): May I ask a question of the acting minister in the absence of the Minister Transport. What action has been taken by the government following the recent request of the Halifax board of trade, as reported in this morning's Montreal *Gazette*, urging the federal government to reconsider its decision to sell the Canadian National (West Indies) Steamships fleet, and also to end the seafarers' international union strike which began nearly a year ago and to return the ships to service?

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, I have not seen the press report to which my hon. friend refers. I will have to have the press report studied and a reply made later.

Mr. Robichaud: The press report is in the minister's office, where it was sent earlier.

Mr. Fulton: It may be in the minister's office, but it is not in mine.

Mr. Speaker: It seems to me that this question has been before the house several times, and I am not sure that there is anything novel about it.

I would like to say that the ingenious device of giving apparent urgency to a question by asking whether someone has received a delegation or a communication seems to my mind to be going a bit too far. The urgency of the subject matter of the question is more important than whether or not a delegation or communication has been received within recent date.

Mr. Robichaud: If reference was made to my question, my question read "what action has been taken by the government".

Mr. Speaker: With respect to a communication from the Halifax city council, I think the hon. member said. My point was, the initial part of his question was that the Halifax board of trade had written a letter or sent a communication. The other part of the question has been dealt with quite extensively by the minister in the past.

Mr. Howard: I had a question for the Minister of Transport, but in view of what has taken place perhaps I will let it go.

GRAIN

DEFICIENCY PAYMENTS—REQUEST FOR STATEMENT BY PRIME MINISTER

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Prime Minister arising out of the urgent need for deficiency payments on grain.

Some hon. Members: Oh, oh.

Mr. Argue: My question is asked today because of the answer given in the house on this subject yesterday by the Minister of Trade and Commerce, who said there would be an answer to this whole problem just as soon as the Prime Minister was back in Ottawa. I am sure that western Canada is waiting for a statement by the Prime Minister.

Right Hon. J. G. Diefenbaker (Prime Minister): I may say that the Prime Minister was absent for the same reason the Minister of Transport is absent today, namely as the responsible minister in connection with the visit of Princess Margaret, and I say this particularly in view of the rather facetious question which was raised a moment ago by the hon. member for Skeena.

In so far as the question raised by the hon. member for Assiniboia is concerned, that matter will naturally receive the earliest possible attention, and information will be communicated to the house when a decision is able to be communicated.

Mr. Argue: In view of the statement made by the Minister of Trade and Commerce yesterday that on his return a statement would be made by the Prime Minister in answer to this whole problem—

Mr. Speaker: I do not think the hon. member should attempt to argue the sufficiency of the answer. After all, whether or not an answer is given is a voluntary matter.

Mr. Argue: Then I will ask a supplementary question. Can the Prime Minister say whether a statement will be made within a few days, as was indicated by the Minister of Trade and Commerce?

Mr. Diefenbaker: It will be made at the earliest possible date.

DOMINION-PROVINCIAL RELATIONS

NEWFOUNDLAND—SALE OF CANADA HOUSE

On the orders of the day:

Mr. J. R. Tucker (Trinity-Conception): Mr. Speaker, I should like to direct a question to the Minister of Public Works. Is it the intention of the government to sell the house now occupied by the premier of Newfoundland, known as Canada house?

Hon. Howard C. Green (Minister of Public Works): I will have to take that question as notice.

CHILDREN OF WAR DEAD ACT

AMENDMENT TO INCREASE ALLOWANCE AND EXTEND BENEFITS

Hon. A. J. Brooks (Minister of Veterans Affairs) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Children of War Dead (Education Assistance) Act so as to extend the benefits of the act to other classes of persons and to increase the allowance that may be paid in certain cases.

Motion agreed to and the house went into committee, Mr. Rea in the chair.

Mr. Chevrier: Will the minister make a statement?

Mr. Brooks: Mr. Chairman, this resolution has to do with amendments to the Children of War Dead (Education Assistance) Act. Hon. members will recall that this act was given royal assent in May, 1953. Its basic purpose is to ensure that children are not deprived of higher education because of their father's death, where the death is determined by the Canadian pension commission to be related to service.

Briefly, the act provides for the payment, up to the age of 25 years, on behalf of a child who is following a course of higher education, of tuition fees and an allowance of $25 a month is granted for a period of four academic years or 36 months, whichever is the lesser.

The number of children who have already received benefits under this act has been somewhat higher than had been estimated, and that is all to the good. During the course of administration of the act certain anomalies and deficiencies have come to light, and it is hoped that these will be remedied by the proposed amendments which are contained in the bill to be introduced if this resolution is adopted. I shall now indicate very briefly the purport of these amendments.

The Deputy Chairman: I wonder if I could ask hon. members to lower their voices. It is impossible to hear the minister.

Mr. Brooks: Eligibility under the present act is restricted to a child on whose behalf a pension is being, or has been, paid because the parent's death is connected with war service. This has been found to be too restrictive. For example, it excludes a child who is over the age of 21 years at the time of the parent's death and who is already pursuing a course

of higher education. It also excludes a child whose parent's death is compensable under a workmen's compensation act, or by legal liability on some person to pay damages, and the amount collected is such as to preclude the payment of pension which would otherwise be paid.

It further excludes a child whose parent's death is service-connected but, because of some technicality preventing payment of pension under the usual section of the Pension Act, an award is made by the commission under the compassionate clause. It excludes a child whose parent's death is found by the Canadian pension commission to be a direct result of a specific military duty in peacetime. And, finally, it excludes the child of a veteran who upon discharge from the forces is passed directly to my department for treatment and dies during such treatment. The Pension Act provides that in these circumstances pension is awarded to eligible dependents.

The bill which will be introduced later would extend eligibility for education assistance to the groups that I have mentioned. None of the groups is very large, but to the individual child his eligibility is of great importance. The government feels that justice and equity will be served by the proposed amendments, and I wish to point out that they preserve the principle of relationship of death to service.

Another amendment, and this I consider a very necessary and important one, would permit payment of the allowance at a rate of $60 a month where pension has ceased at the twenty-first birthday of the child. Prior to that age, pension would normally have been paid at $40 a month and an allowance of $25 is granted under the Children of War Dead (Education Assistance) Act. Experience has shown that the sharp decline in income upon discontinuance of pension is inadvisable, and it is proposed to adjust the situation by paying an allowance at the same rate that was granted to the single veteran student taking higher education under the Veterans Rehabilitation Act.

Mr. Chevrier: Mr. Chairman, I rise not to delay this resolution in any way but to tell the minister and the committee that we on this side welcome the bill which will be brought in following the adoption of this resolution. As I understand the statement made by the minister, the resolution divides itself under two heads; that is, first, it is sought here to extend the benefits of the act known as the Children of War Dead (Education Assistance) Act to classes of persons other than those now covered by the act and, second, also to increase the allowances that may be paid in certain cases as the minister has set out.

[Mr. Brooks.]

I have also listened with interest to the restrictions as to eligibility as the minister has detailed them here, and while I am unable to pass any comment on the validity of the amendments it would seem to us none the less that they appear on their face to be of the kind that should be approved by the house. Because of that we will be happy to see the bill receive second reading and sent to the committee on veterans affairs, so that it may be considered by that committee.

Meanwhile I wonder if the minister could say at this stage how much higher than the estimates are the number of children receiving educational assistance under the act? He said the figures were higher than those estimated when the act was introduced and he thought that was all to the good, with which I think I would agree. I wonder if when the time comes to reply the minister would give those figures at this stage.

Mr. Herridge: Mr. Chairman, I am sure there is complete unanimity in the committee on the amendments proposed by the minister in this resolution. I was interested when he mentioned the fact that the number who were eligible was somewhat higher than was expected. I am pleased to hear that, and to learn that the act has been of benefit to a larger number than we expected.

I notice that there are two amendments. One extends the eligibility to include certain groups presently excluded, as explained by the minister, and we are pleased to support that proposal. The second amendment provides for the payment of an allowance of $60 per month which, if I understood the minister correctly, is the same amount paid to student veterans.

I am keen on this act because I know of a number of cases of children of deceased veterans in my constituency who have benefited from this act, and I want to emphasize the following remarks. When we can spend millions of dollars to bring certain immigrants to this country, and in some cases spend good Canadian dollars to bring and maintain immigrants here for a year who have fought against us, there should not be a single disabled veteran in this country suffer on any account because of the failure of this government to provide for his needs. Second, there should not be a single veteran's dependant in this country suffer on any account whatever or because of the failure of this government to provide for his or her needs. And third, and of equal importance, there should not be a single child of a deceased veteran who has

fought in defence of his country and of freedom denied the opportunity of receiving an education.

Therefore on behalf of this group I want to express the strongest support possible for this act and for the amendments, and we trust it will be further amended to meet the representations of the Canadian Legion when that day arrives.

Mr. Brooks: Before the resolution carries, Mr. Chairman, I am now in a position to answer the question raised by the hon. member for Laurier, who wanted to know the number of children who had received benefits under the act in the past year. That number is 507. I might add that under the new amendments we anticipate the number receiving benefits will be in the neighbourhood of between 720 and 740.

I wish to thank the hon. member for Kootenay-West for his co-operation, which I have always received in the past. He mentioned the spending of considerable sums of money for bringing immigrants to this country. I would merely point out to him that this country has been settled by immigrants. As I read over the list of names of those who have received benefits under this act I observe that many of them are children of immigrants who came to Canada and served Canada in the last war. So those who came to our shores may be immigrants today but they will be Canadians tomorrow, and we find that in the past the immigrants and their children have played a significant role in the building up of this country and will do so in the future.

Mr. Herridge: Mr. Chairman, I do not want to be misunderstood. I am not at all opposed to immigration. I was referring only to immigrants from countries who fought against us in world war II, and only in the context of comparing what we do for these immigrants and what we should be prepared to do for the children of deceased veterans. We should not allow the needs of any veteran or his dependants to go unheeded or unremedied.

Resolution reported and concurred in.

Mr. Brooks thereupon moved for leave to introduce Bill No. C-45, to amend the Children of War Dead (Education Assistance) Act.

Motion agreed to and bill read the first time.

Mr. Deputy Speaker: When shall the bill be read a second time; by leave, now?

Mr. Brooks: Mr. Speaker, I would ask the house to permit the bill to be read a second time now. The committee on veterans affairs is sitting, and we propose to send this bill immediately to that committee.

Mr. Chevrier: That is agreed so far as we are concerned.

Mr. Herridge: Agreed.

Hon. A. J. Brooks (Minister of Veterans Affairs) moved the second reading of Bill No. C-45, to amend the Children of War Dead (Education Assistance) Act.

Motion agreed on, bill read the second time and referred to the standing committee on veterans affairs.

SUPPLY

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

DEPARTMENT OF AGRICULTURE

Administration service—

1. Departmental administration, including advisory committee on agricultural services, $674,164.

Mr. Chevrier: Mr. Chairman, with the permission of the committee I should like to revert to a matter which was under discussion yesterday, namely the dismissal of one Walter Mitchell, formerly employed as a checker and fumigator in the port of Montreal. I shall try to discuss this case without acrimony and as quietly and equitably as I can having regard to the circumstances.

The question arose some time ago because of a starred question which I put on the order paper. It also came up during a short discussion of the estimates of the Department of Agriculture one day last week and again yesterday when I moved to have certain documents produced in connection with the dismissal. I would have thought the minister would have had no objection to the production of these documents, because when a person is dismissed and loses his employment there should be no objection on the part of those taking such action to producing the evidence upon which the dismissal is based. For those reasons I should now like to put on record the other side of the case.

Mr. Walter Mitchell was a checker and fumigator at the port of Montreal for the last 22 years. I have forgotten how many years the minister said he was employed, not that long, but the information I have in my possession is that he has been employed in that capacity perhaps not during all the time but certainly in the Department of Agriculture for 22 years. He was employed during the season of navigation only; that is, he began his work in April and terminated it in December. He was a loyal, efficient, assiduous and honest employee of the Department of Agriculture. In fact, I am informed that

during the 22 years he was in the employ of the department he never missed one day.

Notwithstanding that, Mr. Chairman, he was summarily dismissed. He was dismissed on 24 hours' notice. I hold in my hand a letter which he received from the regional veterinary director, Dr. G. T. Labelle of the city of Montreal. The letter is dated June 12 from the officer. Mr. Mitchell received it the next day, and it was to the effect that he should not report for work on the following Monday. In other words he was given exactly 24 hours to leave the service. The letter which the regional veterinary director wrote to Mr. Mitchell indicates that it is with deep regret that the doctor has to inform Mr. Mitchell that his services would be at an end.

Before I proceed further I should like to put on the record two letters which were addressed to Dr. P. Labelle, chief veterinarian health and animals disease, Department of Agriculture, Montreal. The first one is from the Cunard Steamship Company, Montreal, and the other is from Furness, Withy and Company of the same city, both dated June 13, the day on which Mr. Mitchell received his letter of dismissal. The first letter from the Cunard Steamship Company reads as follows:

Dear Dr. Labelle:

It is understood Mr. W. P. Mitchell, your inspector, will not be calling at this office in the future. While we appreciate any changes in the personnel is entirely a prerogative to the department, it is with regret that we will not have the pleasure of Mr. Mitchell's services.

For many years now, Mr. Mitchell, has been most co-operative, and a most conscientious worker as far as we are concerned. It is doubtful in our opinion, for what it is worth, that his successor can improve on his duty and devotion in his work.

You may be sure we would like to have Mr. Mitchell continue his visits to this office providing this is acceptable to you and to the department.

Yours faithfully,
The Cunard Steamship Company Limited

The other letter from Furness, Withy & Company Limited reads as follows:

Dr. G. T. Labelle,
District Veterinarian,
Montreal.

Dear Sir:

It came to us as quite a shock to learn that Mr. W. P. Mitchell has been laid off as of June 14.

The writer has been dealing with Mr. Mitchell for over 20 years and in all this time I cannot speak too highly of the service rendered by this gentleman. Have found him most efficient, yet at the same time courteous.

He has been most sympathetic to our problems in the transportation field and, at the same time, I am confident that he has fully protected the law as laid down by the Department of Agriculture.

In my own mind I am sure that he has acted without fear or favour in a diplomatic manner, and I trust that you may find some means of retaining his service, which to all parties concerned has been most courteous over the years.

[Mr. Chevrier.]

It is seldom indeed that we speak out for a civil servant, but I do feel that this is one occasion about which we should bring to your attention in the hope that you may reconsider and retain his services in his present position.

Yours very truly,
Furness, Withy & Company Limited

Before I proceed, sir, I should say the minister has said that this man was dismissed because of two reasons, first political patronage or activity, and second because he was found in charge of contraband liquor and cigarettes. I want to deal with both these points.

First let me deal with political activity. There is, sir, a method laid down in this house for the dismissal of public servants. It is a method that has been followed over the years by both parties. It is clearly set out in *Hansard*, and I want to put it on record. When a man has been found guilty of political activity he is not discharged because of an affidavit or on account of photographs or for any other reason save the reasons set out in *Hansard*.

That was agreed upon in Sir Robert Borden's day, by the late Lord Bennett, by the late Sir Wilfrid Laurier and by the late Mackenzie King. I hope the house will bear with me for just a moment while I put on *Hansard* the method and the resolution that were adopted by both parties at the time concerning dismissals in the public service. I refer to the statement made by Right Hon. R. B. Bennett, which will be found in *Hansard* of June 22, 1936, at page 4039. Mr. Bennett rose that day to deal with a certain dismissal, and after referring to the difference between the inside service and the outside service he proceeded to quote what Sir Robert Borden had said in an earlier debate, as follows:

In 1911, when Sir Robert Borden came into office, a discussion took place in the first session regarding the question of patronage and dismissals from the public service. Sir Robert Borden said:

"I would like to point out to my hon. friend what he seems to have forgotten, that with respect to both the inside service and the outside service this matter has been settled. In the first place by a statute of Canada concerning the inside service, in the second place by a resolution of this house, concurred in by both political parties with regard to the outside service. So far as the inside service is concerned, the statutory provision to which I desire to call attention is to be found in the act of 1908 introduced and passed by the late administration. Section 43 of that statute is as follows:"

Now the appropriate section of the present Civil Service Act is a different one; it has been amended, and it can be found in the present act.

Sir Robert Borden went on:

"Now, so far as the outside service is concerned, the rule was embodied in a resolution of the House of Commons moved by Mr. Lake on the 17th July,

1905, and accepted by my right hon. friend (Sir Wilfrid Laurier) who was then leading the government, and that rule is in these words:

That whilst it is desirable that every official in the employ of the government of Canada, should enjoy perfect freedom of political opinion and the untrammelled exercise of his franchise in accord therewith, no official should be engaged, or permitted to engage, in partisan work of any description in the election of a representative to the provincial or dominion legislature."

On the same page—890—referring to Mr. A. K. Maclean, he said:

"Now, my hon. friend has spoken of what should be necessary to convince the government or a minister of the crown that an official has taken an offensive part in any election. There are, obviously some cases in which inquiry would be rather futile. For example, on the 21st of September last I myself personally saw three office-holders of this country engaged in active partisan work in the city of Halifax. . . . In that case I would not grant an inquiry because I saw it with my own eyes."

At page 891, he said:

"Now, my hon. friend is anxious that inquiry should be had in proper cases, and so am I. No one is more unwilling to dismiss officials than I am, but where the government or responsible ministers is convinced that an official has been guilty of violation of the plain terms of a statute or a resolution of the House of Commons concurred in by both political parties, by which his conduct ought to be guided, I would ask my hon. friend what alternative would a government have in a case of that kind?"

Then Mr. E. M. Macdonald, member for Pictou at that time, raised a very interesting question as to whether or not representations made by a defeated candidate would have the same force and effect as those made by a member—

I will not go on to quote what was said there, because it was agreed during the course of that debate that a defeated candidate could not by any stretch of the imagination make a recommendation that should be acted upon by a minister of the crown. Why? Because a defeated candidate would not be in this house where he could rise in his place and state what the reasons were for the dismissal, or where, if need be, he could be cross-examined.

Well, then, Mr. Rhodes rose at a certain point and asked this question:

Does the hon. gentleman object to a minister taking the recommendations of a defeated candidate?

The answer was definitely yes. Then I go on, and I am now quoting Mr. Bennett:

In 1928, on May 29, the then member for St. Lawrence-St. George brought to the attention of the house a case in which a gentleman had been dismissed for partisanship. He had held office for seven years and seven months and was efficient. An inquiry was asked for but not granted. It was contended that as the minister had given a certificate he should be dismissed without further inquiry. The present Minister of Trade and Commerce in that debate said, at page 3526:

"I will admit that the matter to which the hon. member has just referred has given me some little concern. The dismissal took place entirely in accordance with the principle that has been observed by all parties. The complaint of a member of the house that an individual has been exercising partisanship in elections has always been accepted by the minister as a reason for dismissal. I have followed that principle, but I am glad to say there have not been many instances in my own department."

A little later Mr. Bennett went on to say:

The result was that the gentleman dismissed from office was without any appropriate remedy. I am going to refer to that presently. During the progress of the first debate, to which I have alluded, Sir Wilfrid Laurier was not entirely in accord with what had been said by the previous speaker. Sir Wilfrid said:

"I beg my hon. friend's pardon. We said in 1896 that no man should be dismissed unless he was first given the opportunity of being heard. But I said also that we would accept the written statement of a member of parliament, giving the facts, and asking for the dismissal. That is the rule we laid down, and we have lived up to it. I am told by hon. gentlemen opposite that we did not live up to that rule. I do not admit the charge. I think we did, but even if we were deficient I would expect that the hon. gentlemen who are on the treasury benches at present would at least act according to their own doctrine. Are they going to throw over their own doctrine and institute dismissals right and left without giving any man the opportunity of defending himself or without any member of parliament taking the responsibility of placing on record a charge against the man whose dismissal he seeks?"

Then the debate continued with extracts from remarks by both Mr. Mackenzie King and Mr. Meighen in which it is agreed that a dismissal shall not take place from the inside service except in accordance with the Civil Service Act and from the outside service except in accordance, first, with a statement of a member of parliament who on his own responsibility will state that of his own personal knowledge he knows that a man is guilty of political activity and in the alternative, as Sir Wilfrid added, unless and until an investigation has been carried out.

Now, what happened in this case? As far as I am able to ascertain, and I tried to get the information by a notice of motion to produce papers yesterday, this man was dismissed because of an affidavit the minister has in his possession and because of a photograph which indicates that he was taking part in certain activities. But the resolution of both parties says that is not the manner in which a public servant shall be dismissed. A man shall be dismissed on the recommendation or the certificate of a member of parliament, as outlined above. From this it follows that the practice and procedure of the house have not been followed by the minister.

A public servant has been discharged because of political activity on the basis of an affidavit and the affiant, the person who made the affidavit, cannot be cross-examined because he is not here. A man has been dismissed ex parte without an investigation, without being given the opportunity to be

heard and contrary, I say again, to the resolution approved by both parties in this house over the years.

The only way, as I say, in which this man could have been dismissed was either by the certificate of a member of parliament or by an investigation made by an impartial tribunal. In essence an individual should not be dismissed under any circumstances without being given the opportunity of being heard. The principle is clear. It is based upon the assumption that an hon. member of this house who certifies to such a condition has satisfied himself to his own personal knowledge as to the authenticity of the statements he makes, and that they are true; but if he makes such a statement without regard to the fine detail of it being true or untrue and the individual is dismissed, I think the man probably has an action against the member of parliament because he has compassed his dismissal and destroyed his position.

These were the reasons why, after a lengthy debate, the conclusion was arrived at that this was the only fair, equitable and reasonable manner in which to dispense with the services of an individual. Therefore with regard to the political activity part of this case I conclude that the man, Walter Mitchell, has not been dismissed in accordance with the long standing practice of the house and that a grave and serious injustice has been done to him under the circumstances.

The next reason given by the minister was that Walter Mitchell was in possession of contraband liquor and contraband cigarettes. What are the facts? I hold in my hand a document which the minister refused to produce yesterday. It is from the Department of National Revenue, customs and excise division, and is dated December 23, 1957, almost a full month after the alleged charge against Mr. Mitchell, which offence was said to have occurred on November 29, 1957. It is the usual and very ordinary notice served pursuant to sections 158 to 166 of the Customs Act advising this man that he was in possession of five bottles of liquor and six cartons of cigarettes. What member of parliament who has been in the house for any length of time has not acted on behalf of constituents who have brought such notices to him because they have been searched by a customs officer and found in possession of cigarettes or other articles they have brought into Canada without payment of the excise tax?

Over the many years I have been here I have had many such notices brought to me. Many of them were of little or no importance. Others were more serious and still others were very serious. But the point I wish to make is that this was not a charge but a notice pursuant to sections 158 to 166 of the Customs Act to the effect that Mitchell had in his possession liquor and cigarettes upon which the excise tax had not been paid. It was not considered serious by departmental officers. Revenue officers came to his home. He opened the door and said, "Look at the premises; you are entirely welcome to find what there is here." He told them how these articles came into his possession and he invited them to confirm the information he gave them. They must have done so, because a little later he received a notice from the same department, pursuant to sections 158 to 166 of the Customs Act, to the effect that the statements he had made were found to be true and that the officers of the Department of National Revenue were not proceeding against him.

I do not have that letter. I had hoped to get it from the minister when I moved for the production of papers. I was not able to get it. I have therefore only the information which has been brought to my attention; but the information is that the letter was forthcoming and did go to Mitchell to indicate that the department had no intention of proceeding because they did not consider this matter as being of a serious nature. If that is the case, I think the minister did the house an injustice when he did not produce that information. Notwithstanding that, I now hold in my hand two documents from officers of the Department of Agriculture attesting to the fact that Mitchell was a good, honest and assiduous worker.

Some hon. Members: Oh, oh.

An hon. Member: What is their political creed?

Mr. Chevrier: Somebody says "What is their political creed?" I would ask hon. members to listen to the letters as I will put them on the record from permanent officials of the Department of Agriculture and to draw their own conclusions. After Mr. Mitchell was dismissed, on June 20 he obtained from Mr. J. J. Kieran, who was his immediate superior at the city of Montreal, the following affidavit:

> I the undersigned do hereby solemnly declare, that for the past twelve years, acting in the capacity of supervisor of checkers and fumigators for the port of Montreal, that Mr. W. P. Mitchell was employed under my supervision, and has always been punctual, courteous, sober, reliable, rendered valuable service, and has always reported and remained on duty when requested.
>
> J. J. Kieran
>
> Sworn before me at Montreal, Que.
> this 20th day of June, 1958.
>
> Leopold E. Lamoureux, a commissioner of
> the Superior Court, District of Montreal.

This statement comes many months after it is alleged by the minister that Mr. Mitchell was found in possession of contraband liquor. Surely the official, his own official, must have known about this alleged offence and he could not have considered it serious when he, in the face of these facts, gave the statement which I have put on the record.

Then from a higher official of the Department of Agriculture, namely Dr. G. T. Labelle, regional veterinarian for the city of Montreal, comes this statement which is in French and which I shall read and translate. It is dated June 19, 1958:

A Qui de droit.

Ceci est pour attester que Monsieur Walter Mitchell, durant son emploi à notre Ministère comme Vérificateur et Fumigateur, a toujours été ponctuel et assidu à son travail. Nous n'avons aucun reproche à lui adresser concernant l'accomplissement de ses devoirs.

This statement translated in my best English is as follows:

To whom it may concern:

This is to certify that Mr. Walter Mitchell during his employment in our department as a checker and fumigator was always punctual and assiduous at his work. We have no blame or reproach to attach to him concerning the accomplishment of his duties.

This is dated June 19, many months—in facts five or six months—after this alleged offence. Furthermore, notwithstanding that the minister said on two occasions that this man had been guilty of an offence on November 29, 1957, he was called back to work in April, 1958. If this charge was so serious and if it had not been abandoned, as I am informed, why was he called back to work? I have put on the record what the facts are.

I say to the minister that he has dealt unfairly and unjustly with this man. I say furthermore that he has maligned this man's reputation by putting on the record a statement which is certainly not in accordance with what he said the other day and with the facts. He has clearly left himself open also to an action for defamation of character if made outside the house. He has dismissed a person who was in the employ of his department for 22 years, and he refuses to produce the evidence. He says he has affidavits and photographs, but he does not want to give them to the house. He guarantees that the facts are accurate, but he will not tell us on what he bases his judgment. He says he decided not to prosecute because he did not want to give the case any publicity.

May I say that the case was not one in his department. The case came from another department, if there was a case; and there was no prosecution. The minister had nothing to do with the matter in so far as the other department was concerned.

The minister said he knew about this case only two or three months before July 23, which was when he spoke. If he knew about it only then, how could he refuse to prosecute as he said he did? Then of course he went on to say that he did not like the questions that were being asked. He decided this matter without inquiry and without investigation. When a man makes his livelihood by means of a position such as the one held by this man, and when he has been discharging his duty over the years—for 22 years in this case—without the slightest complaint and with the strongest recommendations even after the alleged infraction, I say that his reputation is at stake when action of the kind taken by the minister has been taken.

The decision of the minister was taken ex parte. I say again that he has committed a grave injustice to Walter Mitchell, particularly as this action comes from a minister of a government pledged to bring down a bill on civil rights by which the rights of the individual are to be protected. The rights of the individual in this case are clearly established by the record and the practice and procedure over the years in this house. That practice has not been followed. Someone in the department, evidently of a different political faith from that of Mr. Mitchell, has reported against him.

While it was the minister's prerogative to accept the report and consider it, I say that he should not have acted upon it (1) without getting a certificate from a member of parliament or (2) without conducting an investigation. An investigation was not conducted. The minister proceeded without an inquiry. I submit that his action is contrary to the practice; the rules of this house and contrary to justice. In the name of justice I demand that an investigation be now held into this case by an impartial tribunal.

Mr. Harkness: Mr. Chairman, the initial complaint of the hon. member for Laurier I thing characterizes the entire long speech he has made in this matter. He complained because, as he says, there had been failure to produce documents yesterday in connection with this case. There is no man in this house who knows better than does the hon. member for Laurier that documents of the kind he asked for have never been produced in this house.

Mr. Pearson: Oh, oh.

Mr. Pickersgill: That is utterly untrue.

Mr. Harkness: In speaking to this matter yesterday I outlined the three types of documents which I said constituted most of the file in connection with this case. I then went on to say that documents of that type—

that is to say documents within the department, reports of officials to officials and to the minister, interdepartmental reports and letters which have come in marked "personal and confidential"—have never been produced.

There is no who knows that better than the hon. member who has got up in the house and tried to create a completely false impression with regard to this matter.

Some hon. Members: Hear, hear.

Mr. Harkness: I went on to say, as reported at page 2858 of *Hansard* for yesterday, that if there are any documents in addition to these I shall be glad to produce them.

Mr. Pickersgill: In other words, you choose your evidence.

Mr. Harkness: As a matter of fact, the hon. member for Laurier was not satisfied with that, as he should have been and, as I say, he attempted to create a completely wrong impression in connection with this matter. He shouted, I think, the word "secrecy" or something of that nature, trying to create the impression that I was trying to conceal something.

Mr. Chevrier: You are.

Mr. Harkness: I have never tried to conceal anything in this matter. When the hon. member put his starred question on the order paper I answered it. I did not need at that time to say anything about the political grounds partly on which the man was dismissed. All I needed to say was that he had been dismissed because he was in possession of these contraband goods. I answered the question fully but the hon. member has been trying to create the impression that I have been endeavouring to maintain some secrecy in connection with it.

Mr. Chevrier: You certainly have.

Mr. Pickersgill: The record shows it.

Mr. Harkness: What he had to say in regard to the production of papers I think is characteristic of his whole speech. It was an effort to twist this case around.

The next point I would like to comment upon is that the hon. member went into a long diatribe as to what happened in 1902, 1911 and various other dates. As far as I can make out, all that this amounted to was a great complaint because I had not just fired this man upon the complaint of a member but that I had made an inquiry into the matter. I had the matter investigated but the hon. member for Laurier is apparently complaining because I did make an inquiry and after I made that inquiry I found there were very good grounds indeed for discharging this man.

Mr. Pickersgill: Would the minister permit a question?

Some hon. Members: Order.

Mr. Pickersgill: Very well, if the minister does not want to answer my question.

Some hon. Members: Order.

Mr. Harkness: I would point out to the hon. member for Bonavista-Twillingate that we are in committee and he can ask as many questions as he wishes. It is not a matter of not permitting a question, but I would first like to deal with the questions which have already been asked. The hon. member for Bonavista-Twillingate has a great habit of trying to throw people off the track by getting up and inquiring if he may ask a question or something along those lines.

Some hon. Members: Hear, hear.

Mr. Harkness: This is a tactic which does not always work.

Mr. Pickersgill: We shall see.

Mr. Harkness: The next point is that the hon. member for Laurier read from a document which happens to be a document not from my file. He said he was expecting it to be produced but I did not have that document.

Mr. Chevrier: You should have had it.

Mr. Pearson: Someone has been around the files.

Mr. Harkness: However, what I did have was a considerable number of police and other reports from which I am completely satisfied that this man was guilty of securing contraband liquor from these ships which he was inspecting in the Montreal harbour on behalf of the Department of Agriculture, and any employee of this department—and I hope of any other department of the government—who in the course of his duties as inspector takes gifts from the people he is inspecting should be dismissed just as soon as that fact comes to light. I do not think there is any question about that.

Some hon. Members: Hear, hear.

Mr. Harkness: That was exactly what was done in this case.

Mr. Pearson: With no chance to defend himself.

Mr. Harkness: The hon. member for Laurier went around still trying to confuse the issue—

Mr. Chevrier: A fair kind of investigation that was.

Mr. Harkness: As far as I and the senior officials of my department are concerned, we consider it a very serious matter when a man engages in conduct of this kind. It brings the entire inspection service into disrepute and under suspicion and it is the type of thing which cannot be allowed to continue.

The hon. member for Laurier was trying to make it appear that we had known about this matter months back and did not take any action in connection with it. That is not the fact. The first time any information in regard to this man or his political activities or other activities came to my attention or that of my officials in Ottawa was May 1, 1958. That was the first intimation of any kind we had in this connection and it was as a result of the complaints we received at that time that I ordered an investigation made. The various facts I have already given to the house in connection with this man came to light and I finally ordered his release on May 29.

Mr. Chevrier: Would the minister permit a question?

Mr. Harkness: Which is about a full month later. Yes, I will answer a question.

Mr. Chevrier: Was this man given an opportunity to appear and defend himself?

Mr. Harkness: There was no opportunity to appear and defend himself, no.

Mr. Pickersgill: A fine investigation.

Mr. Harkness: As a matter of fact by his own admission he received this contraband which was forfeited. He admitted buying the cigarettes and that he received the contraband liquor as gifts from the people on the ships which he was supposed to be inspecting. Hon. members can draw their own conclusions as to why he was getting gifts from these people.

Some hon. Members: Hear, hear.

Mr. Pearson: Fine justice.

Mr. Harkness: But if the information that this man had received contraband which had been obtained from these ships, and had been found in possession of it had come to my attention and the attention of my departmental officials at the end of November or when the events took place or at any time after that within two or three weeks or even one month—the hon. member for Laurier mentioned something about a date in December—then this man would have been dismissed forthwith and that would have been the end of the matter. He would then have been available for full-time duties in helping the hon. member to organize in the election campaign.

An hon. Member: He needed lots of help.

Mr. Harkness: In regard to the question which was raised in so far as the prosecution of this man is concerned, the customs department apparently decided not to bring him into the police court for prosecution because it had no evidence that he was selling this liquor.

Some hon. Members: Oh, oh.

Mr. Harkness: All right; I am so informed by the Minister of National Revenue.

Mr. Chevrier: You had better read the sections of the act.

Mr. Harkness: All right, in any event the prosecution branch of the customs department decided not to prosecute because of that fact.

Mr. Pearson: They had no case.

Mr. Harkness: They certainly had a case—they found liquor in this man's possession. He admitted where he got it and as a matter of fact he said he bought the cigarettes—he did not get them as gifts—but he admitted he got them from the ships and admitted that the liquor was given to him. As I say, however, they did not prosecute him, which happens in a large number of cases, according to my information.

Mr. Chevrier: When it is not serious.

Mr. Harkness: In any event, had the matter been drawn to our attention, as I have said, he would have been discharged forthwith.

The hon. member for Laurier said that I mentioned I did not like questions being asked, but I do not know where he can find any statement of mine along those lines. I do not mind any questions being asked—

Mr. Pickersgill: Except by the hon. member for Bonavista-Twillingate.

Mr. Ricard: You flatter yourself.

Mr. Harkness: The hon. member for Bonavista-Twillingate said it, I did not say it. I do not mind questions being asked but I do deplore the amount of time which is being taken up over a matter of this kind which I think the hon. member, as well as everyone else here, realizes is not a very important matter. I think if everyone in the house looks at this thing in any sort of a fair way he will agree that there was every excuse and every reason in the world for getting rid of this man. He was not the type of man one should have engaged on an inspection job in one's department.

Mr. Chevrier: After 22 years.

Mr. Harkness: I think that covers the matter, more or less.

Mr. Chevrier: More or less, less than more.

Mr. Harkness: In any event there has been a considerable amount of time devoted to it and I gave a full summary of the matter when it came up previously and I have given quite a full summary today. It seems to me that the hon. member for Laurier just made a mistake in ever bringing this matter before the house in the first place. Now he is attempting to get out of an awkward situation.

Mr. Howard: First I should like to make a very short comment about what I consider to be the most disgusting and deplorable attitude of both the Liberal government and this government in following the practice of having members of the civil service dismissed on the word of members of parliament that they have participated in the electioneering. I do not think that members of parliament, regardless of the fact that their statements made in their places in this house are to be accepted, have any right to act as both judge and jury in respect to anyone, and I should have thought that this government with its talk about a bill of rights and the rights of individuals might at least have changed that system and treated civil servants better.

Mr. Harkness: I did not use that system. I carried on an inquiry.

Mr. Howard: If the Minister of Agriculture feels he can justify this situation by means of interjections he is incorrect. He knows as well as I do, and it was said not only on this occasion but on another occasion last fall, that if a member of parliament indicates that a civil servant participated in politics, the latter should be fired instantly, and that is the attitude I am complaining about.

An hon. Member: What about the C.C.F. record in Saskatchewan?

Mr. Howard: I would be quite willing to discuss the attitude of the government in Saskatchewan with regard to civil servants on some other occasion but I know very well that the chairman has more understanding of the rules than to allow such a discussion to take place here.

We should not have had a debate of this nature. I do not know whether the attitude expressed by the hon. member for Laurier is correct in this case, or whether the attitude expressed by the Minister of Agriculture is correct. The truth of this matter is beyond my knowledge and it is, I think, quite unfortunate that the matter should get to this stage. Civil servants should be in a position no different from that occupied by employees of private concerns with regard to matters of this kind, and I maintain that they should be treated precisely as other employees are treated. I am dealing now with the question of bargaining rights and the opportunity to submit grievances to independent tribunals. If we had a sensible system and if this government would undertake to treat its civil servants as more than second class citizens—

Some hon. Members: Oh, oh.

Mr. Howard: Hon. members can laugh, but if they laugh apparently they do not have too much of an understanding about the rights of individuals, and I am sure many civil servants would like to hear the snickers you are making about them.

Some hon. Members: We are snickering at you.

Mr. Howard: If a civil servant is dismissed a channel should be provided so that that person, if he feels he has been unjustly dismissed, can take his case to an outside tribunal or arbitration board, as other employees are able to do, so that he can put his case, or so that the organization to which he belongs can put his case, and where the crown or the person who fired him, can also be heard. An independent arbitration board could make these decisions just as is done with regard to any other group of employees who are covered by a union agreement or who have collective bargaining rights.

Until the government of Canada undertakes to recognize the rights of individuals to be treated as individuals regardless of whether they work for the federal government or for an independent employer we are going to have deplorable discussions of this nature in which one hon. member says one thing and another hon. member says: no this is the true state of affairs. That is all I have to say about the matter.

Mr. Harkness: I shall make just one or two brief comments on those remarks. As far as the rights of individuals are concerned, I think everybody in this country knows that we have much greater respect for the rights of individuals than have the members of the C.C.F. party. The whole theory of socialism is to regiment all individuals. We believe in allowing an individual freedom in order to carry on his activities in any way he thinks best as long as he remains within the law.

Mr. Howard: You are not speaking the truth.

Mr. Harkness: Mr. Chairman, I ask for an immediate withdrawal.

The Deputy Chairman: Order. I must advise the committee that we are not discussing the philosophy of various political parties, and I think we had better bring this whole discussion back to vote No. 1 that started it. The vote deals with the Department of Agriculture, administrative service, including the advisory committee on agricultural services.

Mr. Harkness: Before we proceed, I demand a withdrawal on the part of the hon. member who has just stated that I was not telling the truth.

The Deputy Chairman: Did the hon. member for Skeena say that?

Mr. Howard: Of course, but I would like to amplify it.

Some hon. Members: Withdraw.

The Deputy Chairman: I ask the hon. member to withdraw that remark.

Mr. Howard: I will certainly withdraw it, Mr. Chairman, if—

An hon. Member: All right. Sit down.

Mr. Howard: —I may explain, because I feel that in asking to withdraw the minister has not understood what I was saying. When I said to him that he was not telling the truth, I did not say he was telling a falsehood.

Mr. Harkness: On a point of order, the hon. member for Skeena was asked to withdraw, not to make a speech.

Mr. Pickersgill: Who is chairman of this committee?

An hon. Member: Not you, Jack.

Mr. Howard: I should like to explain. I have no objection to withdrawing, but I am sure the minister does not quite understand. He made a reference to the effect that the party to which he belongs had more respect for the rights of individuals—

Some hon. Members: Oh.

The Deputy Chairman: Order. The hon. member for Skeena has the floor.

Mr. Howard: The minister indicated that the party to which he belongs has more respect for the rights of individuals than we had, and I said he was not telling the truth in that respect, but when I said he was not telling the truth I did not say he was telling a falsehood. I have got just the same right to say that the C.C.F. party has more respect for the rights of individuals than the Tories have, and along this line I do not think I should be asked to withdraw.

The Deputy Chairman: The hon. member withdrew those words, as he said before—

Some hon. Members: No.

Mr. Harkness: He does not withdraw them.

The Deputy Chairman: The hon. member said he was withdrawing the words that the minister was not telling the truth.

Mr. Howard: If you insist that I do, after the explanation I have made.

The Deputy Chairman: I think those words should be withdrawn or modified.

Mr. Howard: Well, I will modify them a little bit.

Mr. Pickersgill: Mr. Chairman, like my colleague, the hon. member for Laurier I feel I have a good case and it is not therefore necessary for me to raise my voice as it seemed to be necessary for the Minister of Agriculture to do realizing—

An hon. Member: Speak a little louder; we cannot hear you.

Mr. Pickersgill: —as he obviously did that he had done something he had no justification for doing and no right under the law to do. The Minister of Agriculture said that this was an unimportant matter. Anticipating this debate I took some time this morning and looked up what the minister had to say in another debate a little over a year ago when he was urging me to disregard the law and to do things that were not provided for by the law because he claimed the rights of certain individuals were being interfered with. At that time the minister was very critical as was his party and the newspapers in his province because I insisted that my duty was to carry out the law made by parliament.

The minister has now dismissed a civil servant who had served in his department for 22 years. The minister did not say he did not do his work well, assiduously and conscientiously and the minister produced no evidence to the contrary. The minister admitted he dismissed this man, took his livelihood and his rights away from him without giving him a hearing. That apparently is one of those new civil rights the government the minister belongs to is going to include in the new charter we have been promised, the right after 22 years of good service of civil servants to be fired by a minister after a secret investigation—the papers concerning which the Minister of Agriculture has refused to give parliament—after the civil servant has been given no hearing and after the minister has made defamatory observations about the man under the protection of his immunity in this house,

observations which if made outside the house would render the minister subject to an action for damages.

That is what has happened in this case and the minister has not produced one jot or tittle of evidence to this house, to which he is responsible, that this man engaged in any political activities. We are expected to accept the minister's affirmation of that fact unsupported by any documents or evidence whatsoever. None has been given. The minister said it is too trivial a matter to be bothered with and that we should get on with the important business of the country. The minister is a member of the party which promised us a bill of rights. In this case a man has been deprived of his livelihood.

An hon. Member: What did he do?

Mr. Pickersgill: I suggest that you let the courts decide if this man did anything wrong. I think it is a shocking thing, sir.

Mr. McGee: You are shouting.

Mr. Pickersgill: I never expected to hear any minister get up in this house and say, "I have secret police reports which I will not show any one else which convict this man." I remind hon. members that this individual has never had a hearing or a chance to say a word in his own defence. The minister has said, in effect, "I have secret reports and parliament is not entitled to see them". There has never been a hearing in the courts and no charge has been laid in the courts. The minister said, in effect, "I just fired him because I, the Minister of Agriculture, was satisfied on the basis of the secret reports I received that he should no longer be an employee of my department".

First of all the minister constituted himself the prosecutor. Then he constituted himself the judge. And then he constituted himself the executioner. This, sir, is the new bill of rights the promises of which we have heard back and forth across the country.

Mr. McGee: You are shouting.

Mr. Pickersgill: Not a scrap of evidence concerning political activity on the part of this individual was ever given to parliament to whom the minister is responsible. A charge has been made by the minister that this man is guilty of something about which no charge has been laid in the courts. The only person who has judged this man is the Minister of Agriculture and he reached his decision on evidence that the man has not been allowed to see and that the jury before whom the Minister of Agriculture has to appear has not been allowed to see. That is what we are asked to accept here as trivial and then go on with the business of the country. Nothing, in my experience, that has happened in a British parliament compares with what we have been asked to do here today.

Some hon. Members: Oh, oh.

Mr. Pickersgill: There was no evidence and no hearing. The man was just deprived of his livelihood on the order of an arrogant minister who refuses to account to the people to whom he is accountable, apparently believing that a huge and servile majority will justify anything he cares to do.

The minister said that as soon as the facts came to light he dismissed this man. I should like to know what the Minister of National Revenue was doing between November 29, 1957 and May 1, 1958 when the minister says he heard about the matter for the first time. Incidentally I should like to know why the Minister of National Revenue is not here at this moment when a matter is being discussed in which his department is clearly involved. An officer in the employ of the Minister of National Revenue seized contraband, or alleged contraband, in the apartment of a known civil servant. Either the minister or his officials thought it too unimportant to tell the Minister of Agriculture or they were derelict in their duty. Surely, if what was known to the Minister of National Revenue and his department last November was considered serious enough to merit the dismissal of this man and the taking away of his livelihood, it was serious enough for the Minister of National Revenue to have acquainted the Minister of Agriculture with the facts before six months had elapsed. And yet, on the admission of the Minister of Agriculture he did not hear about this case until May 1. Another civil servant in the employ of the Minister of Agriculture on the order of the minister some time before June 12 sent the dismissal notice which was dated we are told, although not by the minister concerned, June 12.

It seems to me the least the minister could have done, instead of abusing the opposition for defending the rights of individuals, was to have given this committee a detailed factual account of every circumstance that happened in this case together with the evidence because we have not yet—although the Minister of Agriculture came perilously close to disproving it—reached the stage where we operate under the system that obtains in the Soviet union.

Some hon. Members: Oh, oh.

Mr. Pickersgill: The minister said, "I have secret police reports. I am satisfied this fellow did something wrong and therefore I fired him". The minister speaks about his respect and the respect of his party for the rights

of individuals but surely it is not a very far step from that kind of action to the Soviet system.

Some hon. Members: Oh, oh.

Mr. Pickersgill: Well, hon. members may protest but the minister did refer to secret police reports. Of course, the government has not yet put this man in a concentration camp but the man has been deprived of his livelihood on the order of the minister who says, "I have secret police reports that parliament is not entitled to see". That is what he told us. He said, "Parliament is not entitled to see these documents. I am satisfied that this man should not be in my department. Out he goes. And furthermore, if anyone asks questions I will malign the reputation of this civil servant so he will not be able to get a job anywhere else, and I shall do so in a place where I have immunity from the courts."

If it were done outside the ambit of the immunity provided by the house the minister would doubtless be liable for an action for damages.

An hon. Member: Is that your method?

Mr. Pickersgill: The hon. gentleman asks me if that is my method. That is not my method nor was it ever the method during the time my colleagues and I occupied the treasury benches.

Some hon. Members: Oh, oh.

Mr. Pickersgill: In the argument I am making now I am not in the least concerned about whether or not this man should be in the civil service and indeed I know nothing about that. As a matter of fact, I have never seen the man in my life and I know nothing about him except what I have heard in this chamber. What I am concerned about, is whether any civil servant, no matter who he may be, can be fired on the say-so of a minister simply because the minister comes into the house and alleges that he has in his possession some secret police reports and we in parliament are not allowed to make any inquiries about them nor are we provided with any evidence surrounding the case. That is what I am concerned about.

No doubt some hon. members heard the broadcast on the C.B.C. this morning. Perhaps we will not hear this sort of thing too much longer on the C.B.C., if this kind of attack on civil rights continues on the part of this government. What we heard this morning was that this was something much bigger than the case of Walter Mitchell. It is the right of every Canadian to have his case heard before an independent tribunal and not to be judged by his prosecutor, or his accuser, and then to be executed after the judgment, and then defamed after the execution. Here is a man who had 22 years of public service and he was taken on the service at the opening of the navigation season this year and then suddenly, on June 12, he is told that he has no more job. That is what the minister has done. It seems to me, sir, that this is no small matter.

I want to repeat what I said before. In my lifetime I can think of nothing that has happened in the parliament of Canada, or in the parliament of the United Kingdom comparable with this attack upon the rights of a free citizen, this attack upon the rights of a public servant and it seems to me, sir, that the minister should take this matter seriously. He should remember that he is no longer an irresponsible member of the opposition, as he was perhaps for too long. He is now supposed to be a responsible minister, responsible to this house, and it is the duty of a minister to treat this house with respect, to treat the members of this house with respect and to treat questions raised in this house seriously and with respect. It seems to me, that the minister should cut out his vituperation, cut out his innuendoes, cut out his cheap jibes and confine himself, as we have confined ourselves, to the known facts of the matter and give us a detailed chronological account of what really did happen in this case after May 1 when the minister first heard of it, and produce the evidence on which he acted. Even then I say, sir, that I could never be satisfied for this reason: this man had no hearing; he was never given a chance.

An hon. Member: He admitted it.

Mr. Pickersgill: Someone said he admitted it. How could he have admitted it? The minister never saw him; the minister admitted he had no hearing. How could he have admitted it if he had no hearing? If he had a hearing, if he did make admissions at the hearing, why did the minister not, in a straightforward, simple, consecutive manner, tell us so instead of doing what he did. Instead of doing that, what he did was just say that it was not important enough to be bothered with.

I seems to me, sir, that certainly in this session of parliament nothing has happened yet that is nearly so important as this. What we are entitled to, in this committee, and what we should insist upon getting in this committee is a proper accounting by the minister of what, on the face of it, on his own admissions perhaps more than on anything even that was said by the hon. member for Laurier, though what he said was pretty damning, too, was damning.

The minister's own admissions were far more damning. His admission that he was doing this on secret police reports that nobody else should be allowed to see, his admission that this man had no hearing, his admission that he conducted the inquiry and he reached the conclusion and he carried out the execution entirely on his own and that we are not entitled to be told what are the facts, it seems to me is far more damning than anything that has been said on this side of the house. I refer to what has come out of the minister's own mouth. I feel we should have from the minister a respectful and proper account of what happened.

Mr. Harkness: Mr. Chairman, I think the peroration we have just heard from the hon. member for Bonavista-Twillingate will go down in this house as a classic of making a mountain out of a molehill. Two or three of the things that he has said I would just comment on briefly. I never at any time said, as the hon. member just stated, that this was too unimportant to be bothered with.

Mr. Chevrier: Oh, yes, you did.

Mr. Harkness: No. What I said was that it seemed to me we had spent a great deal of time on a matter of this kind.

Mr. Pearson: Too unimportant.

Mr. Pickersgill: "Not very important", was what the minister said.

Mr. McIlraith: "Not very important".

Mr. Harkness: That is not correct. The accuracy of the hon. member for Bonavista-Twillingate, of course, is not very good. He kept repeating that this man had been a civil servant for 22 years. The man has never been a civil servant to begin with, never. The hon. member for Laurier talked in the same way and so did the hon. member for Timiskaming. The man has never been a civil servant; he has been a casual, seasonal employee.

Mr. Pickersgill: Is his livelihood not just as important to him?

Some hon. Members: Sit down.

Mr. Harkness: He was not employed for 22 years. He was employed at various times during 16 years.

Now, the hon. member is talking about giving a detailed account. I have given a detailed account; I have given all the details in connection with this matter and I do not know what else the hon. member is talking about when he is talking about a detailed account.

Mr. Deschatelets: Where is your written judgment?

[Mr. Pickersgill.]

Mr. Harkness: That, I think, is all I can really say in reply to the remarks that the hon. member for Bonavista-Twillingate has just given utterance to.

Mr. McGee: Mr. Chairman, I have tried to get your attention ever since the hon. member for Laurier was on his feet making his statement. When I rose to my feet to ask him if he would permit a question the Minister of Agriculture rose and he was recognized. I am wondering whether I am in order at this time in asking the hon. member for Laurier a question?

Mr. Chevrier: Yes.

Mr. McGee: I would like to know whether to the hon. member's knowledge the gentleman in question did participate politically on his behalf?

Mr. Chevrier: That is a good question and I am glad the hon. member asked it. According to the rules and procedure of this house the onus is on the minister dismissing an employee to establish beyond doubt—

Some hon. Members: Answer the question.

Mr. Cardiff: Answer the question.

Mr. Chevrier: I am answering the question by saying that the onus—

Mr. Cardiff: You are evading the question.

Mr. Chevrier: I have been asked a question; just let me answer it. I say, according to the procedure in this house, the onus is on the minister to establish that the person dismissed is guilty of political activity or political partisanship, not on anybody else.

Mr. Cardiff: That is not answering the question.

Mr. McGee: Am I then to assume that the hon. member will not reply to my question either in the affirmative or negative?

Mr. Chevrier: I have replied in the manner in which the procedure is laid down, and there is no doubt that that is the position taken by both parties in this house.

The Chairman: I think tempers are getting a bit frayed. We should really not be discussing anything else but the items involved in the resolution before the house. Consequently, we should not be discussing the conduct of individuals in this particular case or the conduct of the hon. member for Laurier. I would ask hon. members kindly to try to relate themselves as much as possible to the items under discussion.

Mr. Chevrier: May I ask the minister one or two questions with your permission, Mr.

Chairman? The minister has said that he has an affidavit dealing with this case. Will he produce the affidavit?

Mr. Harkness: Mr. Chairman, I have more than one affidavit in connection with this case but, as I stated yesterday, these affidavits have come in under a personal or confidential covering letter and the hon. member knows that when he gets a letter of that kind he does not produce it.

Mr. Pickersgill: Nor does he dismiss civil servants.

Mr. Harkness: Nor does anyone else.

Mr. Chevrier: Mr. Chairman, as found on page 2599 of *Hansard* for July 23 the minister said:

> In this case there was no question about that. I not only have affidavits, if the hon. member is looking for affidavits, but I have pictures of this particular man in the hon. member's committee room, evidently in charge of the political activities there.

I want the affidavits. Will the minister produce them?

Mr. Harkness: I have already answered the question.

Mr. Chevrier: The minister has stated that he cannot allow conduct and practices of this kind among officers of his department. Is the minister aware of any other case or any other instances other than the one on November 29 dealing with this individual?

Mr. Harkness: I do not see what this has to do with the matter, Mr. Chairman, but I am not aware of any other case. If I were aware of any other case I would promptly discharge the man concerned.

Mr. Chevrier: Then why does the minister say that he cannot condone these practices and these gifts that were taken? There is but one instance. Why does he make it far worse than it is? I ask the minister this question. Has the minister's attention been drawn to the notice which was served on Mitchell under sections 158 to 166 of the Customs Act?

Mr. Harkness: No.

Mr. Chevrier: Then I ask this final question. Has the minister seen the withdrawal notice from the Department of National Revenue advising Mitchell that they were not proceeding in the matter in accordance with sections 158 to 166?

Mr. Harkness: I have already gone over that point. I told the hon. member earlier that I had received information from the Department of National Revenue that they had decided not to prosecute in this particular case.

Mr. Thompson: Mr. Chairman, now that this matter has been raised in the house I have a few observations I should like to make. I have listened to hon. members opposite who have bristled with righteous indignation and talked about the freedom of the individual, the rights of the individual and the right of the individual to speak in his own defence. I think that hon. members opposite are the last ones who should be talking like that because they are members of a party which, when they formed the government in 1935, fired people by the thousands without any affidavits, without so much as a yes, aye or no. They were just told they were not needed any more.

The Chairman: Order.

Mr. Pickersgill: That is totally untrue.

The Chairman: I am afraid the hon. member is not actually discussing the resolution before us now. We are not at liberty at present to discuss events of 1935 and subsequent years. We must adhere to the matter before us which is a resolution providing for the voting of a certain amount of money for the Department of Agriculture. I would ask the hon. member to adhere to the matter being discussed as closely as possible.

Mr. Thompson: Mr. Chairman, inasmuch as this matter has been pursued by other hon. members I think I should have the right to pursue it too because it affects my riding and what goes on there.

The Chairman: I regret to interrupt the hon. member but he cannot discuss at this time what has happened in former years or what is happening at present. Once again I must ask the hon. member to adhere to the matter being discussed at this time.

Mr. Thompson: Mr. Chairman, I will bring my remarks up to the present time. In my opinion the government has exercised a great deal more restraint in the dismissal of employees than has been exercised in the past. It is quite possible that the government may have even leaned over backwards in exercising restraint because if it were me there would be a lot more people fired.

Some hon. Members: Oh, oh!

Mr. Thompson: There are people in the civil service employed by the Department of Agriculture who are and have been doing excellent and conscientious work during their term of service. There is no question about that. But at the same time there are people in the civil service who are playing politics and when they do that they are playing with fire. If a civil servant breaks the rules then that person knows what the consequences are.

Mr. Pickersgill: He has no right to a hearing?

Mr. Thompson: The minister has referred to the evidence that has been obtained against this individual and I feel the dismissal was entirely justified.

Mr. McIlraith: Mr. Chairman, I have very few remarks to make but I should like to comment on the remarks of the last speaker. He says that if someone in the civil service breaks the rules then he knows what the consequences are. I think everybody will agree with that statement but that is not what we are discussing. What is before the committee at the moment is the dismissal of a public service employee after 16 years of service without the minister having followed the rules that protect a public servant and which provide for a public hearing of the charges against him or for the dismissal to be brought about in the other way provided according to the practice in such cases.

I must say that I was appalled to hear a minister of the crown treat the dismissal of a public service employee in this way as not being very important. That was the first remark he made which I noted and I think I did so correctly. He also referred to the matter as making a mountain out of a molehill. The principle is very important. Our public servants now number hundreds of thousands. I do not know the exact number in the Department of Agriculture but it is quite substantial. We have built up a very good public service administration and these people have been led to expect fair treatment from the point of view of security of tenure of office.

Incidentally, I know nothing about this particular case. This man has been dismissed and the minister says he has been dismissed on the strength of some affidavits. The minister said a great many things against this former employee and used very strong language in describing his activities. But the minister refuses to table the affidavits from which he purports to get his authority for the statements he has made. The minister should have done either one of two things. Either he should have refrained from making the statements he did or he should have tabled the documents from which he purported to paraphrase and quote.

Mr. McPhillips: That is what you say but your premise was all wrong.

Mr. Pickersgill: We do not know what he relied on; he will not tell us.

Mr. McIlraith: Under our system the minister is responsible for his acts and is expected to produce the document from which he quotes. He either should not have quoted from it or he should have produced it. It is very important in this case because the minister by his own words says that the man did not have a hearing or an opportunity to answer the charges. I think I am correct in saying that there was no opportunity to answer the charges. What I want to point out here is that this is a very important matter, that it is fundamental in the whole administration of our public service and that the minister is quite wrong in his attitude that he can come in here and not be obligated to explain his action and to defend his action and to follow the law as laid down and the procedure established over the years. It is very good procedure, the procedure developed—

Mr. Bigg: Is that the law?

Mr. McIlraith: Yes. Mr. Chairman, I must say something here about the interjections of the backbenchers on the government side during this debate. Those hon. members are witnessing today a procedure on the part of the crown that would not have been countenanced by any of the leaders of the past.

An hon. Member: Rubbish.

Mr. McIlraith: The hon. member for Laurier quoted leaders of the Conservative party in the past when the law was being evolved and the practice of this house was being developed. Those are very good statements and I think they were fairly well honoured by those leaders. I am somewhat mystified as to why the backbenchers on the government side today are so quick to repudiate the former leaders of their party.

Mr. Bell (Saint John-Albert): Because this fellow is a civil servant.

Mr. Chevrier: The minister said he is not. Which is it?

Mr. Bell (Saint John-Albert): He is not a civil servant.

Mr. Pickersgill: So you can take away his livelihood without any question?

Mr. McPhillips: He is not a civil servant; he is just a Grit.

The Chairman: Order. I must ask hon. members to permit the hon. member for Ottawa West to carry on with his speech There are far too many interjections. I must ask hon. members to preserve more order in the committee.

Mr. McIlraith: Mr. Chairman, I will conclude my remarks very quickly. However, I want to deal with the interjection made by the hon. member for Victoria, B.C. He has stated precisely why this man was dismissed.

He was dismissed apparently because he was thought to have voted Liberal. Whether he did so or not, I do not know. That is precisely what the whole case is about. The Minister of Agriculture has said that he is not a civil servant. If he is not a civil servant, by that statement was the minister suggesting that he was not entitled to have the political right to vote or to have political views? I do not quite follow him in that statement. I wish he would elaborate.

Mr. Harkness: Mr. Chairman, I must say that this statement which the hon. member for Ottawa West has just made he must know is incorrect, namely that the man was dismissed because he voted Liberal.

Mr. McIlraith: I was referring to the interjection.

Mr. Harkness: That was the statement made by the hon. member for Ottawa West. If the hon. member has not been asleep, he would know that is not the case.

Mr. McIlraith: I have not been asleep.

Mr. Harkness: The man was dismissed because he had been engaged in activities which I think everybody will recognize cannot be permitted by inspectors of any department in this country, namely taking gifts from the people whom he is supposed to inspect. That is the essential reason why he was dismissed. In addition to that, of course, he was engaged in very definite and overt political activities which would also have been a cause for dismissal.

Mr. Chevrier: Why do you not follow the rule laid down by the department?

Mr. Harkness: I also might say that the hon. member for Laurier who has made a long argument today is constantly demanding to know why we do not follow some rule that was laid down in the past to the effect that you can only dismiss people on the complaint of a member of parliament. The hon. member for Bonavista-Twillingate was taking quite a different line in connection with this matter as was the hon. member for Timiskaming. This man was a casual seasonal employee. People in his situation are laid off constantly from day to day and so on.

What all this fuss is being kicked up about is a little bit difficult to understand. As I said before, the only explanation of it is that I think the hon. member for Laurier did not know about the activities in which this man had been engaged. He had been a good political henchman of the member for many years, the member for Laurier was put out because the man had lost his government employment and he thought that he would raise the matter in the house and cause embarrassment to the government. The result was that he caused embarrassment to himself and he is now trying to drag this out in order to cover up that embarrassment.

Mr. McIlraith: If I understood the Minister of Agriculture correctly—and I will overlook his reference to my being asleep; I think he was referring to himself in that improper suggestion—he said that this man was dismissed for taking part in improper activities. I think that was the language he used. If that is so, then surely this house has a right to ask the minister to do one of two things, namely either to produce the evidence or to give the man a hearing. He has done neither.

Mr. Chevrier: The minister concluded his remarks a moment ago by saying that I found myself in difficulties and am now trying to extricate myself. May I tell the minister that I am not in the slightest bit embarrassed by the position in which I find myself. On the contrary, I am happy to find myself defending this man who has been improperly convicted by the minister.

The minister has made another misstatement, among many that he made during the course of his remarks. The one he made earlier was that the hon. member for Bonavista-Twillingate as well as myself had been saying that this man was a civil servant. Apparently the Minister of Agriculture was asleep when I dealt with the practice and procedure laid down by his former leaders in this house. I made it quite clear that Sir Robert Borden dealt with the outside service on the one hand and the inside service on the other, and that Sir Robert said that so far as the inside service is concerned, namely the civil service itself, it is dealt with by a section of the act; but so far as the outside service is concerned, the service in which this man belonged, it is dealt with by a resolution of the house.

Notwithstanding that fact, what the house should keep in mind is that this man was a member of the public service. He was entitled to the benefits of the superannuation act. He was entitled to sick leave. He was entitled to a number of advantages which the Civil Service Act gives to prevailing rates employees and to casual workers to which the minister does not seem to attach too much importance or to give too much attention. He has lost these. Notwithstanding the repetitiousness of the minister, I urge that the procedure and the practice laid down by all the leaders of the great parties should have been followed in this case.

I can only confirm what the hon. member for Bonavista-Twillingate said, namely that

this man was not given the slightest chance to be heard either with reference to the first part of the accusation made by the minister or with reference to the second part. He was summarily discharged. What the minister goes on saying continuously is that he made the investigation and that he was satisfied. That is not the way in which parliament has determined that a man should be dismissed. It has never been determined by the rules and procedures of this house that the minister shall decide on his own that a man should be dismissed. On the contrary, it has been determined that he shall not be dismissed unless by the recommendation of a member of parliament or after a public inquiry by an impartial tribunal. If the minister wants to follow the other course and conduct his own investigation and conduct it ex parte without giving the man an opportunity to be heard, that is his responsibility. I am sure the people of this country will judge his conduct accordingly.

Mr. Walker: Mr. Chairman, may I appeal to the hon. member who has just spoken. It is a pleasure to hear these discussions, but just so that we might get back to the evidence itself, it will be recalled that the late Mr. Casselman did make a statement about an individual—a labourer—who was dismissed. There was great consternation in the house at that time and last session the Liberal members of the house complained to high heaven that the workman had been dismissed because of a statement made by the late Mr. Casselman. In this case the Minister of Agriculture has gone to no end of trouble not to be so criticized and not to dismiss this man after 16 years of service on simply the statement of a member of parliament.

With respect to the legal aspect of the matter, I appeal to the hon. member for Ottawa West, who is an able lawyer, and to the hon. member for Laurier, who is also a very able lawyer, and I ask them have we not a preponderance of evidence, evidence beyond the shadow of a doubt? In the first place the man was found with contraband liquor.

An hon. Member: Where?

Mr. Walker: He admitted it to be contraband.

Mr. Chevrier: Who said so?

Some hon. Members: Order.

Mr. Walker: He admitted it. Is the hon. member for Laurier denying that the minister's statement to that effect, after a thorough investigation and not depending simply on the statement of a member of parliament, was incorrect? He admitted it. Does the hon. member want us to go further than that?

Mr. Chevrier: Of course I deny it until the document is produced, and that is why I am asking for production.

Mr. Walker: This is the first time I have heard that one is required to produce a document when a person after thorough inquiry not only admits a charge but in this case also acts as his own prosecutor and turns over the whiskey. He turned over the contraband and admitted that he had obtained it from the very owners or officers of the ships he was supposed to inspect. What more damning evidence can the hon. member for Laurier want? Could we have anything more than the admission of this man? Is my hon. friend, the hon. member for Laurier, suggesting we should prosecute this man and, in the case of every person we dismiss who is either a civil servant or a casual employee, we should take action against him before he is dismissed?

Mr. Chevrier: I am suggesting an investigation.

Mr. Walker: There was an investigation, a very full investigation.

Mr. Chevrier: It was an ex parte examination. He was convicted without being heard.

Mr. Pickersgill: We want a public investigation.

Mr. Walker: There was an investigation by the officers of the department. Furthermore, we have not only the evidence to which I have referred but we also have the tacit admission of the hon. member for Laurier in connection with the second section of the evidence. He made no admission about the liquor because I think he did not know about that, but the hon. member for Laurier could get rid of the second charge that this man Mitchell did engage in political activities on his behalf by denying it. He refused to deny it in the house and he does nothing to support Mr. Mitchell in that regard.

Mr. Peters: Is he guilty by association?

Mr. Walker: My glib friend who is always ready to talk on every and any subject has now expressed his opinion but I would like to ask the hon. member for Laurier if he will deny that his so-called henchman, Mitchell, did give him aid and help through political activities during the last election campaign? If he would do this I would give serious credence to his statement, but he has not done so and I suggest he will not.

On the other point, namely the question of the contraband liquor, we have been hearing a great deal of the huge investigations going on in the United States with respect to the Goldfine scandal and so on, but that is nothing compared with this inspector accepting contraband while inspecting a boat under government regulations, and also accepting cigarettes under the same circumstances. Is the hon. member for Laurier suggesting that this independent investigation by the department is not the kind of investigation he wants?

Mr. McIlraith: We want it public.

Mr. Walker: Is the hon. member suggesting that casual labourers should be called in the public domain in open court and an action launched against them before anything is found against them, or is the hon. member for Laurier suggesting that this unfortunate person be now prosecuted to prove that the government was right in dismissing him? I would like his answer to all these questions.

Mr. Chevrier: Mr. Chairman, the hon. member started by referring to a similar case which occurred in the constituency of Grenville-Dundas some time last year. In that case the procedure laid down, as I outlined this afternoon, was followed and the hon. member for Grenville-Dundas, the late Mr. Casselman, had the courage to rise in this house and to say that on his personal responsibility as a member of parliament this man was guilty of political activity, and so far as I was concerned I accepted that statement. If an hon. member had risen today and had said that on his personal responsibility Mitchell was guilty of political partisanship, I would at least have had the opportunity of asking him some questions. But that practice laid down for some considerable time has not been followed, and now the hon. member for Rosedale speaks of the legal aspect. It is not the legal aspect with which we are dealing at this time, it is the moral and humanitarian aspect of this case.

Mr. Walker: What about the immoral aspect? My hon. friend is surely trying to draw a red herring across our path.

Mr. Chevrier: I am grateful to my hon. friend for raising the matter of the immoral aspect and I will tell him that not a charge but a notice was served under a section of the Customs Act and if he will read these notices carefully he will see that it is not framed by way of a charge; it is a notice to the individual to which he may reply by way of affidavit or by way of oral or written statement, to rebut the presumption contained in the notice. Mitchell did state the circumstances surrounding this case and the circumstances were such that the officials of the Department of National Revenue decided not to proceed. They sent him a notice which the minister will not produce in which they indicated that that was the end of the case. Where is the immorality?

I now suggest, with deference, that the legal aspect does not enter into the picture at all since the charge was dropped and in so far as the question asked by the hon. member for York-Scarborough and repeated by the hon. member for Rosedale is concerned, I can only say that the onus of the discharge of an individual lies upon the person making that dismissal and upon no one else. That responsibility cannot be shifted over here by asking whether such and such was the case. If a man is discharged it is because of certain reasons which have to be supported and confirmed by the procedures laid down by resolution approved by both parties down through the years. It is because of this fact that I say this man was unjustly and unfairly treated, he was convicted without a hearing; more than that, his reputation has been attacked as a result of statements made by the minister. It is not so much the legal aspect with which I am concerned—I am concerned with the civil right aspect and with the fairness which should be dealt out to this man and which was not dealt out to him in these circumstances.

Mr. Peters: Mr. Chairman, the minister has referred on several occasions to my having participated in this debate which, up to the present time, is not so. I do not object to remarks being credited to me—

Mr. Harkness: If the hon. member will pardon me, I am sorry, but I meant the hon. member for Skeena.

Mr. Peters: I have no objection to being credited with those remarks made by the hon. member for Skeena because I entirely agree with them, but I think it is surprising that this sort of matter has arisen on discussion of the administrative item of the Department of Agriculture. Such discussions have taken place under former administrations and I recall the former minister of agriculture being quite proud of the fact that he could stand up in the House of Commons and say, Yes, I laid off people because of political activity in opposition to my political party. This may be true only of the Department of Agriculture, and if so this is a good time to stop it in that department.

We have heard some discussion this afternoon on the matter of civil servants—I do not in fact know the classification given by

the government or the civil service commission—but I believe that anyone working for the government is a civil service employee and therefore should be classed as a civil servant.

I think one of the problems is that the federal government has not seen fit to do what most other governments have done, and that is to set up the Department of Labour in such a way that anybody working for the government may appeal, if they wish, on their own initiative to a board set up under the Department of Labour. In the province from which I come if they do not belong to any association or union, they still have a fundamental right, if they wish, to make an appeal against dismissal, and I know that is true in the case of one or two other provinces. It would appear to me that the civil service commission and the civil service associations are falling down on the job they are doing for their own people because they should be taking these people under protection, to give to the working people in the civil service the right to be protected against this vicious action. I do not think any parliament was elected here to be a judge and jury as to the rights of its peers and, further, it seems to me that not only members of parliament but others outside the house have been questioned with regard to this matter.

I think the hon. member for Northumberland and the hon. member for Rosedale should both be quite happy. I notice that the minister turned around when they were giving him support, and I presume they are going to be put on the list for parliamentary assistants.

An hon. Member: Don't be so foolish.

The Chairman: I regret to interrupt the hon. member, but we are not at present discussing promotion from the ranks of one party or another. Similarly, we are not discussing the vagaries—the good things and the bad things—of the civil service. We are discussing one resolution which concerns the Department of Agriculture, and I must ask the hon. member to confine his remarks to the subject under discussion; in other words, to be relevant. And with respect to this matter I must remind members of the committee of article 59, paragraph 2 of standing orders which clearly states as follows:

> Speeches in committee of the whole house must be strictly relevant to the item or clause under consideration.

It is the opinion of the Chair that we have strayed away from the matter under consideration at considerable length for the last hour, so I will ask hon. members to be as relevant to the question under discussion as possible.

[Mr. Peters.]

Mr. Peters: Mr. Chairman, I am in complete agreement with your ruling that parliamentary assistants cannot be discussed under item 1 of the estimates. However, I do not think it is not of interest to this committee because I think, probably, there are some who are interested in the matter.

Some hon. Members: Order.

Mr. Peters: Nevertheless, item 1 of the estimates of the Department of Agriculture is surely the place at which we can talk about the rights of the people working in the department, and I think that if there are two classes of employees in the Department of Agriculture something should be done to put them on the same basis and give them equal rights. I hope the house will not have to face this sort of problem again, and that some action will be taken by the minister in the near future to provide an opportunity in his department for people to answer charges that are made against them, and appeal against any action taken as a result of such charges, whether they are made inside or outside this house.

(Translation):

Mr. Pigeon: Mr. Chairman, I feel that the opposition has caused enough waste of time as it is and that the house had better come back to the subject of the debate, that is, agriculture. May I therefore point out that, in the few months during which the Conservative party has been managing the affairs of this country, it has, in this very short time, brought in much legislation which, certainly, has been most useful to the farmers of this country.

Thanks to the Conservative party's progressive policy, farm revenue keeps growing. For the first quarter of 1958, farm income has reached $604 million, an increase of $29 million over that of the same period in 1957. This increase, Mr. Chairman, is mainly due to increased production and higher prices paid for cattle.

Since 1953, the number of Canadian farmers has dropped 10 per cent. Under the administration of our hon. friends in the opposition, production costs were rising and prices were on the down grade. Between 1946 and 1956, the prices of commodities and services to Canadian farmers have gone up 58.2 per cent, while farm products rose by only 1.7 per cent.

From 1951 to 1956, the prices of commodities and services to the farmers rose by 5.5 per cent and the price of their products decreased by 21.8 per cent.

As to the province of Quebec—still from the farming angle—may I be allowed to point out, Mr. Chairman, that over 88 per cent of Quebec farms now use electricity.

An hon. Member: Invented by Mr. Duplessis.

Mr. Pigeon: Mr. Chairman, I would not like closure to be applied to me.

In the province of Quebec, in 1956 vegetable production amounted to $295.2 million, compared to $90 million in 1939. It can be broken down as follows:

Field crops	$176.8 million
Fruits and vegetables	27.4 "
Maple products	7.8 "
Timber	78.5 "
Miscellaneous	4.7 "

Live stock production, which was close to $393.6 million, was broken down as follows:

Live stock	$137.0 million
Dairy products	186.0 "
Poultry and eggs	68.5 "
Miscellaneous	2.1 "

In dairying, Quebec leads all other provinces in Canada. Milk is the chief product of Quebec farms. Since 1950, production has gone up by 28 per cent, while the increase for the country as a whole was only 5 per cent. The province of Quebec made noticeable progress in the production of fruit and vegetables. For marketing reasons, perhaps, the farm industry in Quebec has a tendency to satisfy local consumption rather than to produce for export. That is why the province occupies a leading rank in dairying.

A fact worthy of notice is that in 1941 the average acreage of Quebec farms was 116.8 acres, while in 1956, it stood at 129.8 acres.

Mr. Chairman, this government have done more for Canadian farmers in the past few months than any other government since confederation.

Mr. Dupuis: Would the hon. member allow me a question?

Mr. Pigeon: No. If my hon. friend wants to speak, he can do so after I am through.

Mr. Dupuis: Did Mr. Duplessis have a hand in writing your speech? You say the same things he does.

The Chairman: Order! I would ask the hon. members to let the hon. member for Joliette-L'Assomption-Montcalm make his speech.

Mr. Pigeon: Mr. Chairman, need I talk about the Agricultural Stabilization Act, the most progressive measure enacted by any government on behalf of farmers? Need I remind the house of the names of the distinguished gentlemen who make up the advisory committee of the Agricultural Stabilization Board? Among them are leading figures in the agricultural field from the various provinces of this country. The Quebec representatives are Messrs. Jean-Baptiste Lemoine, president of the UCC, and Reynald Ferron, general manager of the *Coopérative Fédérée de Québec.* Of course, the other provinces of this country are also well represented. The people who make up that committee are leading agricultural figures; they are the best brains in the business.

Do you think, Mr. Chairman, that if this Agricultural Stabilization Act which came under such heavy criticism from our friends in the opposition during the last campaign, were not of real benefit to the farmers of this country, distinguished figures such as Messrs. Lemoine and Ferron and others would have consented to sit on the advisory committee of the agricultural stabilization board?

May I also take this opportunity of congratulating the Minister of Agriculture, (Mr. Harkness) who has already, on several occasions, made remarks in French in this house, thereby setting a far better example than his predecessor the Rt. Hon. Mr. Gardiner.

Mr. Chairman, I would also like to congratulate the government and the Minister of Agriculture for having set the support price of butter at 64 cents per pound, and for stabilizing the price of beef, of pork and of several other commodities.

The dairy industry is the very basis of the agricultural economy of Quebec as a whole. It is so in my constituency as elsewhere. Because of this guaranteed price, the farmer can get his fair share of the national income. May I also remind the house that, under the previous government, butter sold at only 58 cents a pound and that, while our farm organizations and farmers were pleading with the government to raise the support price on butter, our friends busied themselves with politics, paying no attention to the real needs of farmers.

Mr. Chairman, the dairy industry now ranks with the major industries in this country; in fact, it ranks among the largest because more than any other, it provides a basic food to a population of 17 million people.

With its production of 5,851 million pounds of milk, the province of Quebec leads all others.

Mr. Chairman, I would also ask the hon. Minister of Agriculture to consider the possibility of including, in the near future—after considering the matter with his officials—pipe, cigar and cigarette tobacco, with the products coming under the Agricultural Stabilization Act. I would make the same request with regard to maple products.

In my opinion, it would be logical that, in a not too distant future, other farm products be included in that act.

Mr. Boulanger: Would the hon. member allow a question?

Mr. Pigeon: If the hon. member for Drummond-Arthabaska (Mr. Boulanger), the would-be minister of agriculture, who never will be such in any case, wishes to take the floor, he may do so after I am through.

Mr. Chairman, some years ago, the federal government granted subsidies to those who wanted to exchange their sap buckets. That policy lasted for 15 years, from 1940 to 1955. As a result, in the province of Quebec, about 18 million sap buckets were exchanged.

I am wondering, Mr. Chairman, why the previous government discontinued that policy which favoured the agricultural class of the province of Quebec, when it is also well known that the federal government, through an act of parliament, forbids any traces of lead in maple products. The UCC, and several other farm organizations, had asked the former government to carry on this policy of sap bucket exchange, but the former government nonetheless discontinued this policy, probably because the province of Quebec was supporting a Liberal government.

But this situation will now cease. We have in the person of the hon. Minister of Agriculture a man who is close to the average Canadian, and to the farmer. It will not take 22 years, Mr. Chairman, for the agricultural class to benefit from the advantages of this government's policy. Mr. Chairman, I urge the government to consider the possibility of restoring this policy of sap bucket exchange. Cost to the government would be about $50,000 a year.

Mr. Chairman, I know that the hon. Minister for Agriculture is now studying the possibility of devising some crop insurance program, to help all Canadian farmers engaged in mixed farming. Crop insurance legislation of this type has been in force in the United States for over 20 years. We have begun to hear about it since the Conservative government is in power. How is it, Mr. Chairman, that our friends of the opposition, who claimed to be the friends of the ordinary Canadian, never brought up the subject of crop insurance, or never as much as hinted that farmers might have it some time? I know that the hon. Minister of Agriculture is considering the possibility of developing a crop insurance program, and I might say to the would-be minister of agriculture from the opposition, the hon. member for Drummond-Arthabaska, that it will not take 22 years for such a program to be applied in the various provinces of Canada.

I urge the Minister of Agriculture to introduce crop insurance legislation, and I would advise him also to consider the possibility of applying such legislation, first of all, to specialized farming such as, for instance, the growing of pipe, cigar and cigarette tobacco, since such crops are very important, not only in my constituency, but also in Ontario.

Do you know how much it costs a Quebec farmer to set up a cigarette tobacco-growing farm? He must first of all pay $50,000 and, each year afterwards, he has to spend nearly $10,000 on labour, fertilizers and all sorts of services, to obtain a good crop.

Quebec tobacco growers, and those of Ontario too, feel they are entitled to crop insurance legislation. They are anxious that such legislation be put into force. That is why I would ask the Minister of Agriculture to consider the possibility of applying such legislation first of all to specialized farming, even if it has to be improved afterwards, and extend it as far as possible to other crops, all over the country.

Well, Mr. Chairman, each year, in the federal constituency of Joliette-L'Assomption-Montcalm, considerable damage is caused by hail or frost, with attendant loss of farm income. Only recently, farmers of my constituency came up to me and said that hail had wrought havoc in their cigar tobacco fields at St. Esprit, St. Lin and St. Roch-West, in the county of Assomption and that of Montcalm.

Crop insurance is essential to the future and success of the farmers of this country. Before putting in his crop, the farmer needs to have some idea of the price he will receive for his commodity, but he also needs protection

against hail, drought, wind and frost. The farmer has to be in exactly the same position as the worker who, before taking up a new job, inquires about the wages he will get and asks $1.50, $2.00 or $3.00 an hour, according to his trade. Before starting on a job, he finds out how much he will get out of it, before trading his skill for a wage.

Likewise before a farmer begins working his land or putting money and labour into it he must be assured of a profit from what will grow out of his land. I know that the Minister of Agriculture, in co-operation with the government, has made extensive studies into the possibility of implementing steps to the benefit of the farmers of this country. Crop insurance is absolutely essential to the future of specialized farming and of Canadian agriculture in general.

Mr. Chairman, I know that the Minister of Agriculture, more than anybody else, is concerned with the needs of the farmer and has made very careful study of that legislation. The member for Drummond-Arthabaska, pseudo-minister of agriculture—who in any event will never be minister of agriculture —would like this government to bring in within the space of a few weeks or a few months all those measures which his party failed to introduce during the 22 years they were in power, in spite of the representations of the Canadian Federation of Agriculture, for instance, or of farm groups in the province of Quebec or elsewhere in Canada. Instead, his party chose to ignore the needs of the people, and preferred to use closure rather than take heed of the needs of the farmers of the province of Quebec, and of the country.

Mr. Chairman, I am also happy to note that the Minister of Agriculture is proceeding to put an effective end to dumping of American farm produce. I know that one New England senator at least has stated that Canadians had some reason to be annoyed at the United States and asked that more attention be henceforth directed to economic policy so as to contribute to the improvement of relations between the two countries. Mr. Chairman, the Minister of Agriculture—and this did not take 22 years—has already started putting a stop to dumping of farm commodities from the United States, a thing which our opponent's administration had never managed to do. What was done to attain these results? Well, the Conservative government has imposed a customs duty of 13½ cents per pound on American strawberries.

The Conservative government has also prevented dumping of American cheddar cheese. Severe restrictions were enacted with regard to the import of skim milk powder from the United States or New Zealand. I hope the Minister of Agriculture will continue along those lines. This does not mean that we will be persecuting the Americans.

May I be allowed at this point to quote an example of what happened on the Montreal market. Right in the middle of the production season, hundreds upon hundreds of carloads of vegetables from the United States were dumped on that market at the very moment our truck gardeners were attempting to market their produce on the same spot. This is also the case on the Toronto market and, indeed, when they arrive on this market with a truck full of vegetables, American farmers are just dumping their products here. I urge the Minister of Agriculture to pursue his action to stop that dumping. That doesn't mean that anyone should be persecuted, but we have to think of the average Canadian, that is the Canadian farmer. Just imagine: In a British Columbia camp the government of our opponents served United States potatoes to Hungarian refugees! That is how our farmers have been treated;—American potatoes served to Hungarian refugees.

That is what our opponents did to our Canadian farmers Mr. Chairman, and to-day they are defending the cause of our farmers in a tremulous voice, like an offended maiden. Well, they also served United States potatoes...

An hon. Member: What about eggs?

Mr. Pigeon: Also, Mr. Chairman, if the hon. member for Drummond-Arthabaska wants to make a speech let him do so after I am through. I will not have closure applied to me.

Mr. Chairman, the hon. minister of trade (Mr. Churchill) announced some time ago that the government, following some representations made by Canada, was going to allow more fresh apples to be exported to the United Kingdom than at the present time.

The new policy with regard to the exportation of fresh apples to the United Kingdom will give us a chance during July and the next eleven months, to sell 1,500,000 hundredweight of that farm product, i.e., 300,000 hundredweight from July to the end of December 1958, and 1,200,000 hundredweight from January to the end of June 1959.

The Conservative government had been in power only a few weeks or a few months when it began to reclaim this lost market. I might say in all sincerity and frankness that the English market is vital to us, as England imports about 60 per cent of its farm products from abroad. Let us help them get the necessary Canadian dollars, and, in return, Great Britain will buy our surpluses of wheat, eggs and dairy products.

I strongly urge the government to reclaim that market, Mr. Chairman. What happened during the war? The Liberal government rationed the Canadian people and sold to Great Britain our farm products like wheat, meat, eggs, milk, butter, cheese, apples, etc., at a rebate.

We had obtained by contract a privileged market in return for this sacrifice. Our hon. friends then in power lost the English market, the best farm market in the world. However, following a request from the Liberals, Canadians organized themselves in order to increase production, they capitalized in order to meet the needs of that privileged market. The government of the day has not been able to keep the English market for them so that they might export their farm surpluses there.

At one time, England bought Nova Scotia apples. Having lost the English market, the federal government granted subsidies so that our apple trees could be replaced by other crops. England, which used to buy its lumber in British Columbia, now buys it elsewhere. It is also getting its newsprint, its eggs, its dairy products, its wheat and its meat in other countries.

I strongly urge the hon. Minister of Agriculture to consider, in co-operation with the Minister of Trade, whether it might be possible to go further ahead with the sale of our Canadian apples in the United Kingdom. I trust that the apple growers of the province of Quebec and elsewhere in the country would rejoice in seeing such a policy applied.

Mr. Chairman, I wish to deal now with the experimental farm of l'Assomption. What happened in 1956? Discontinued was the agricultural information service, that of soils analysis, that of bacteriological analysis of milk, and of purebred dairy herds. I charge the government of the time with sabotaging that experimental farm. Farmers in my riding are dissatisfied with the way the experimental farm of l'Assomption was dealt with. Yet, my riding is perhaps the largest dairy farming area in this country, being so close to the Montreal market. Dairying is its chief industry, followed by tobacco, poultry raising and truck farming. Under the former Liberal administration, the experimental farm of l'Assomption has been disorganized to a point where it no longer is able to give the important services it used to provide for the farmers and dairy producers of my constituency. The former administration has sabotaged the experimental farm of l'Assomption. The farmers have complained many times over about that behaviour of the former Liberal regime, but no one paid any attention to them. I urge the Minister of Agriculture to consider the possibility of reorganizing the experimental farm at l'Assomption. I also ask that the necessary grants be made to enable that farm to carry on the research needed to discover brands of tobacco which are milder than those the producers of my riding are now marketing.

A country can prosper only if its farmers prosper. As a rule farmers are heavy buyers of all sorts of goods, and they contribute to the wealth of the Canadian nation.

I want now to say a few words about the prices of farm machinery. I find the price of implements exceedingly high in relation to farmers' income.

The price of farm machinery has skyrocketed since the war.

The Chairman: I am sorry to interrupt the hon. member, but his time has expired.

(Text):

Mr. Nasserden: Mr. Chairman, I am very glad to see that we have finally got back to the agricultural estimates because I am sure that if the people of my constituency were to read the debate that has taken place so far today they could not help but feel that we have wasted a lot of their time and our time as well.

Mr. Pickersgill: Defending civil rights.

Mr. Nasserden: In dealing with the agricultural situation as it exists today and looking forward to what we hope for in the years to come, one cannot help but look back to what has taken place in the years that have gone by. If we do that we cannot help but remember the men who have played an important part in the Canadian agricultural scene. All of us will recall the work of the late Hon. W. R. Motherwell who for many

years was minister of agriculture. As one who comes from the province of Saskatchewan I know that the people of that province appreciate the wonderful work that he did and although he was a member of the party that is in opposition today we feel that he continued the work begun in years gone by to build a better agricultural economy for Canada as a whole.

Mr. Pickersgill: One of the many good Liberal ministers of agriculture.

Mr. Nasserden: Following him, of course, came Robert Weir who in many respects was responsible for placing upon the statute books of the country much of the legislation that has endured to give agriculture those things that today are becoming even more important in our day to day living. One must also remember the Right Hon. James Garfield Gardiner, also a resident of the province of Saskatchewan. I have been surprised that members of the opposition have not referred to him very much in discussing agricultural matters but regardless of what they may think of him I want to say that he made a very notable contribution to the agriculture scene and, considering what he had to work with, I think he did a wonderful job.

I can pay tribute to him, to Mr. Motherwell and to Mr. Weir because today we have in the Minister of Agriculture a man who is following in the same tradition and placing upon the statute books of our country legislation that will give the farmers right across the country a little more security and stability than they have had in years gone by. We remember the improvements that were made by other governments and other parties but while they were and are good in themselves we say that they can be improved upon. I recall the prices support act brought in following the war which was supposed to be written in such a way to give to those engaged in agriculture a fair share of the national income. Well, we waited for a great number of years. I believe it took some 13 years for us to realize the extent of the fair share of the national income provided by that legislation as a result of the way in which it was interpreted. Because of this situation things happened in June of 1957 and again in March of this year. Farm people right across the country are looking to the government with a measure of expectation never before known as between the electors and a government.

I believe the reason they are looking to the government and to parliament is the legislation that was placed on the statute books in the last session of the House of Commons when Bill No. 237, having to do with the marketing of certain agricultural products, became the law of the land. This legislation, in the language in which it is written, gives to the agricultural industry those things that farmers and farm organizations have fought for and sought for more than 50 years. The notable exception, of course, is that it does not do anything for the people engaged in the growing of wheat, oats, barley and other grains in western Canada.

All members of the house know the record in that regard. All members know that representations were made by organizations in the province of Saskatchewan and elsewhere in western Canada that wheat, oats and barley should not be included under the act. In what I am about to say I am speaking for myself and not for the government. I think that the farm organizations made a mistake. I also think that the government made a mistake in listening to the farm organizations and not placing wheat, oats and barley under the price stabilization act. History alone will show whether that view is right or wrong. One thing is certain. Those who produce livestock products and other products covered by the legislation can look forward today with a little more confidence than at any time in the past.

I speak as a grain grower, one who knows what it was like to sell our product during years when people in other parts of Canada were enjoying an increasing measure of security and stability in their jobs, at a lower price than we should have received because of regulations enacted by the parliament of the country. I think too of the years following when the price of our product gradually dropped while the price of everything that went into the production of the product kept on rising. On this occasion I cannot help but remind the Minister of Agriculture and the other ministers on the treasury benches, as the people of western Canada do not need to be reminded, that the grain growers are in a desperate situation today, a situation brought about not by an administration that lasted for one, two, three or four years but by an administration that over many years failed to face the problems associated with the production of this commodity which has made Canada known all over the world as the home of the finest protein wheat that people can buy. The people of the world choose Canadian wheat if they have the money to buy it. Other countries have subsidized their agricultural industries in an effort to make themselves self-sufficient but still require some of the wheat we grow in western Canada. Despite that fact we saw

session after session go by with nothing being done by a party that said it stood for the farm people of the country, that it stood for agriculture and free trade, a party that said it was guaranteeing our farmers a fair share of the national income and whose minister of agriculture came from the province of Saskatchewan, the greatest grain producing area in Canada. Yet they allowed that industry to sink to the depths that it reached a year ago and is still in today.

During the election campaign the leader of the Liberal party, who is Leader of the Opposition in the house, had occasion to come to Rosthern constituency to deal with agricultural policy and at that time he had certain things to say. I dealt with some of them the other night when the question of deficiency payments was brought up and I am not going to repeat what I said then. But I have a press report of his speech here and among the many things he had to say he said this:

> We propose to raise the initial price of oats to farmers from 60 to 65 cents per bushel for No. 2 C.W., in store Fort William; and the initial price of barley from 96 cents to $1.00 per bushel basis No. 3 C.W. in store Fort William.

When the people of my constituency heard that they said that if any one should increase the price of oats by five cents per bushel it was the party that had reduced the price by five cents at a time when farm costs in western Canada were rising as they had never risen before. But the interesting thing is that he went on to say:

> These increases would be promptly reflected in increased payments to farmers. They would not, however, add to the cost of feed grain to livestock producers in any part of Canada.

In one breath he was going to raise the price five cents. In another breath it was not going to cost anyone any more money. That is about as empty a promise as I ever heard during any election campaign in any part of this country. There was really one interesting thing he had to say and it was this and I quote:

> The traditional or historical pattern of low incomes of most farmers has made for poor housing —far below urban standards.

I should like to emphasize that statement. What a statement that was to come from a member of a cabinet that on three occasions at least came to the farm people of this country with the slogan "You never had it better". Then we find the statement being made that the traditional or historical pattern of low incomes of most farmers has made for poor housing far below urban standards. We have that statement coming from the Leader of the Opposition, the leader of a party that has appealed to the people on those terms and has said that their agricultural support program was based on those principles which would assure to the people of Canada in agriculture their fair share of the national income. Then he says that the traditional or historical pattern of low incomes of most farmers has made for poor housing.

I just wanted to read that into the record because, after all, Mr. Chairman, we hear a great deal about the promises that have been made and the promises that have not been made. But above all these things we know that whoever is in power, whoever is charged with responsibility of the Minister of Agriculture tries to do his best for the people of this country. All I want to say is that if that was the best that the Liberal party could do, it was surely time that we had a change of government here in Canada and gave someone else a chance to try to do better.

In so far as Bill No. 237 is concerned, may I say that I have heard people in the house here say that it is not giving to some producers what they had expected. All I want to say about it is that I believe the people of my constituency are willing to give the bill a chance to work and are willing to give this government and the Minister of Agriculture and also the Minister of Finance a chance to feel their way in order to find out what measure of support they can justifiably give to the people engaged in this most important segment of our industry.

In passing from Bill No. 237 I should like to say that I think it is an improvement over the old legislation. If anything detrimental can be said with regard to what has taken place so far under the bill, the only thing I can say about it is that we have not had wheat, oats and barley under it. While that is my personal opinion, it is an opinion not shared by some of the people in agriculture in western Canada. However, it is still my opinion and I wanted to get it put on the record today.

During this session we have noted many amendments to existing legislation dealing with agriculture and the problems of farmers right across Canada. What I like is the national approach that this government is taking to the many problems affecting this important industry. For the first time people in all parts of Canada can come to the government and, upon the basis of what is taking place in other parts of the country, justify their demands for like treatment. That is something that has been wanting in the administration of the Department of Agriculture for many years.

We have seen the development of the Prairie Farm Assistance Act in western Canada. Some amendments made this year may

solve some of the problems. I think they will possibly solve many of them. However, in the application of them I think it may be found that one or two things were overlooked, although not intentionally.

There is another part of the agricultural policy to which I wish to make reference, namely the freight assistance policy on grains moved from western Canada to feeders in eastern Canada. I have heard some people say that that is a subsidy to the western Canadian farmer. The western Canadian farmer figures that it is a subsidy to the eastern feeder. I am not going to try to say who is right and who is wrong in the matter. All I am going to say is that it is a policy for the moving of grain from the west to the east and also to round out a little bit sounder agricultural policy for Canada and for Canadians.

The board of grain commissioners handle the grain act in this country. I think it is a tribute to all who have been associated with that department that we have been able to establish ourselves in the world markets with a name in so far as the quality of our grain is concerned. All of us who produce grain in western Canada like to haggle with the elevator agent about grades, weight, dockage and all of these other things but every one of us is proud of what has been set up and has given us a chance to enjoy our share of the world market for this important commodity that perhaps is more powerful than any other single thing used by people in any part of the world. When I think of that, I cannot help but think—

The Chairman: Order. I regret to interrupt the hon. member but, it being six o'clock, I do now leave the chair.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Nasserden: Mr. Chairman, at six o'clock I was dealing, among other things, with the growth of a national agricultural policy in Canada which would give to all our farm people equal recognition. I went on to commend the present government and particularly the Minister of Finance and the Minister of Agriculture for the part they have played in pursuing this objective, but there is another minister of the crown, namely the Minister of Trade and Commerce, who constantly bears in mind the people engaged in our agricultural industry. Trade and agriculture are complementary to each other, and I do not wish to turn the minister's head but I would like to say I think he has done a notable job during the last several months in increasing the sales of western grain, particularly wheat. This also applies of course to grain sales in eastern Canada.

I have already mentioned the amendments passed by this house and I did not name them singly, because that would take too long. The problems in respect to agriculture all across this country do not differ very much. We all share, wherever we farm in Canada, the need for improved credit facilities. We all share in the benefits of increased markets for our products and the benefits accruing from legislation introduced to take care of disasters from time to time. We all share in the benefits of a proper price relationship between our goods and those of other industries and I have in mind particularly cereal grains, potatoes and fishing industry, which are the most important industries presenting problems to us at the present time.

These industries still appear to require the attention of the government with respect to some definite legislation, and I would suggest to the Minister of Trade and Commerce and to his department that at the Brussels fair Canadian fish and chips might be served and a bun made of good Canadian grain might be thrown in for good measure. Such a scheme might do something to develop interest in Canadian products. The minister might make a note of that suggestion because I may ask a question one of these days in order to discover whether those items have in fact been served at the Brussels exhibit.

In regard to the credit situation I notice that some members, particularly those in the C.C.F. group, have maintained that what we require is credit available for a 40-year period. In this connection I would point out that other workers expect to retire after a period of 20 to 25 years, during which time they hope to build up a pension in order to make this possible. I think, therefore, it is stretching it a little too far to say that if you agree other labour groups should be able to retire in 20 to 25 years that you expect at the same time the agricultural workers will be labouring under conditions which will prevent them from paying back the mortgages on their farms in less than 40 years. After all, the farm people are entitled to the same things to which others are entitled and I think, therefore, that a 25-year term would be a sufficient length of time to set for a farm mortgage. Why should we want the farmer to retire and have to hand over to his sons and daughters a heritage of a 15-year mortgage?

Another aspect of the matter with which I would like to deal is a possibility of something which might happen on a farm—I do

not think it will happen in Canada but there is always the possibility. I have in mind that some day the Canadian farm loan board under such a set-up as has been suggested would acquire the bulk of our agricultural land and no matter from what province a farmer may come, I do not think he would want to think that at some time in the future he would be able to secure land only on a lease basis.

The first responsibility of any government is to build a national program which will eliminate inequities such as those which plague certain sectors of our economy from time to time. The second responsibility as I see it is to ensure some measure of assistance to those sectors in case of disaster which, because of national trends and policies, might mean that certain districts might find themselves in great difficulty and be unable to continue as effective and efficient productive areas.

The people in agriculture today are well informed, generally speaking, and one cannot place before them a proposition based on a false premise. They know the prices exacted by industry, labour and capital in the national scene, no matter in what part of the country they may live, because they have to pay those prices in order to remain a working partner in the Canadian nation. That is why I urge upon this government, which has already set the pace, to continue towards the objective I have outlined of providing a fair share of the national income for agriculture.

The administrative branch of the Department of Agriculture has a notable tradition and like everything which is notable the passage of time has left some marks upon this tradition. One thing is certain and that is that this government will never go wrong if it continues to build upon the foundations which have been laid legislation designed to complete a truly national policy for our country, one which will strengthen Canada from coast to coast and, what is more, will encourage and exemplify that spirit and understanding of freedom, that love of the soil, which constitutes the way of life in the Canadian agricultural industry.

I was in the reading room this evening and I noticed an article in the *Star-Phoenix* of July 26, which referred to Dr. B. M. Craig of the prairie regional laboratory of the national research council. He speaks of the strides that are being made to make rapeseed available for use in margarine. We know today that many of the firms in eastern Canada are exhibiting quite an interest in this subject and I merely wish to say that the research program undertaken by the Department of Agriculture is one of the most important services being rendered to Canada. It is important not only to the farm people but to every consumer because every stride forward in connection with new varieties, increased yields and advances along those lines, benefit every person in this country.

I am not going to say anything further because like all other members I would like to get on with the job of going through these estimates and I hope we will soon get back to our constituencies so that we may meet the people who produce these goods.

An hon. Member: That is a smart observation.

Mr. Nasserden: I believe someone said, "That is a smart observation", and I hope that hon. member will take his advice to heart when his turn comes. I wanted to put on the record some of the things that I believe the people of my constituency would like to have mentioned, some of the things that I believe the farm people right across this country believe in; some of the things, too, that I think should have been said to the administration for the tremendous job that they are trying to do at this time.

Mr. Robichaud: Mr. Chairman, when the debate on the first item of the estimates of the Department of Agriculture was adjourned on Friday, July 11 at five o'clock in order to revert to private and public bills, I had just stated that the prices received by small farmers for pulpwood was far from satisfactory and barely met the cost of cutting this pulpwood and taking it to the roadside. I had also placed on record the statement by the Prime Minister, as reported in the Toronto *Star* of February 27, 1958, which was made in Summerside, P.E.I. where the Prime Minister had said that he hoped the advisory committee and the stabilization board would give consideration to including farm produced wood in the provisions of the act so that farmers would know for at least a year in advance the lowest price they would receive.

This evening I have another statement which was made by the Prime Minister in Charlottetown, P.E.I., and I wish to place this statement on record. I hope the Prime Minister is listening on the other end of the line and will come rushing in to confirm or reject this statement. The statement, as reported in the Toronto *Star* of February 28 reads as follows:

> Mr. Diefenbaker . . . gave audiences at Charlottetown and Summerside an interpretation of the Agricultural Price Stabilization Act which would come as news to members of parliament.
>
> "The day will never come in Canada, no matter how great the crash (in agricultural prices) in other countries, that prices will fall to the same

level here," he asserted. "There is a distress price in Canada below which all agricultural prices cannot fall," he said at Summerside.

The Prime Minister maintained here and at Summerside that there was a provision in the bill to provide a minimum support price "under all agricultural products" of 80 per cent of the price over the previous 10 years.

The act introduced in parliament by the Conservative government last year appeared to provide this protection by statute for only nine agricultural products—butter, eggs, cheese, hogs, sheep, cattle and non-prairie produced wheat, oats and barley.

Parliament was certainly never given the impression that the legislation would provide protection for all the commodities produced by the farmer in the event of the bottom falling out of the world market.

Last night, the Prime Minister charged the opposition parties with misrepresenting the Conservative farm bill. On the face of it, he appears to have been guilty of misrepresentation on his own account.

Yesterday at Rimouski, speaking of the same bill, Mr. Diefenbaker hinted that pulpwood cut by farmers might be eligible for price supports. Last night he indicated that producers of potatoes, a major crop here, might also apply to the price stabilization board to have supports put under that crop.

Now this statement was made by the Prime Minister over five months ago and our farmers are still waiting for pulpwood to be placed under price support.

On May 28 the hon. member for Drummond-Arthabaska asked the Minister of Agriculture the following question as reported in *Hansard* at page 580:

Mr. Speaker, will the Minister of Agriculture advise the house if it is the intention of the government to establish floor prices on maple sugar and pulpwood.

He received the following answer from the Minister of Agriculture:

In so far as maple sugar is concerned, I replied to a similar question last week, and the hon. member will find the answer in *Hansard*. In so far as pulpwood is concerned, we are giving some consideration to that matter but to date we have made no decision.

Two months have passed since then, and no decision has yet been taken by the department or by the prices support board in this regard. Our small farmers in eastern Canada depend largely on the sale of pulpwood from their own wood lots for ready cash to meet their obligations, and it is important that they be given the same advantages as are being offered to producers of other farm products throughout the country.

When a farmer is being paid as low as $8.50 for rough pulp out of his own wood lot, as was paid in some of the eastern provinces last winter, there is something wrong somewhere and the government must intervene to remedy such conditions. We have all heard those words "disastrous floor prices for agricultural products which should not exist in our country". I know of no price which is more disastrous than the one being paid our small farmers for the pulpwood cut from their own wood lots.

Another problem which seriously affects the operations of our small farm owners is the financing necessary to ensure that these family farms are preserved intact. The application of the farm loan board regulations has not been of too valuable assistance to our small farm owners. The last report published a few weeks ago shows that out of $69 million made available as loans in the last fiscal year, only $680,000, less than 1 one per cent, went to the province of New Brunswick. Loans to small farmers have been difficult to obtain and on many occasions our farmers were told that it was useless for them to even apply. The establishment of a farm loan bank would facilitate loans to farmers and make it possible for them to purchase land, to obtain equipment and to make their farm operations worth while.

Such a plan would certainly extend the borrowing facilities now available through the farm loan board. It would assist young Canadians to establish themselves on land, thus enabling them to take full advantage of the opportunities available to our farming population.

The establishment of a farm loan bank, operating under regulations somewhat similar to those of the industrial development bank, with agencies in every province and with lending facilities extending to individual farmers and fishermen would be a great advantage to the farm population of this country and to our fishermen. Such a farm loan bank, or even proper amendments to the National Housing Act, could also provide loans to young farmers to build new homes. I know I should be out of order if I began to speak about the need for housing in rural areas at this point, but I would urge the minister to have a special survey made in this regard with reference to the need of better homes for farmers. Our small farmers in eastern Canada need new homes, new buildings and better equipment. Our farmers cannot finance such improvements on their own, and it is the duty of the government to make adequate provision for such financing.

On Friday, July 11, in the course of my remarks, I mentioned that we from the maritime provinces wanted to know why potatoes were not included on the permanent list of commodities coming under the Agricultural Prices Stabilization Act or, alternatively, we wanted a firm statement of policy from the government with regard to potatoes. Interjecting in these remarks, as

reported at page 2174 of *Hansard* of July 11, the Minister of Agriculture said:

> They have had a great deal of protection; a lot of money has been paid out to them.

The minister referred, of course, to the potato producers. On different occasions during the present session we have heard hon. members on the government side of the house criticize the previous administration for not doing anything for the farmers. It may be well for them to know that in the last 20 years over $2½ billion has been paid out of the federal treasury to the farmers of Canada. This evening I should like to place on the record what has been done by the previous administration for the potato farmers of New Brunswick and Prince Edward Island. Potatoes were supported under the Agricultural Prices Support Act for the crop years 1946, 1948, 1950, 1955 and 1956 previous to the support given in 1957. In addition, potatoes have come under the Agricultural Products Co-operative Marketing Act which act is basically not designed for support but payments were made which had the effect of providing some support in connection with the 1950 and 1953 crops.

For example, the 1946 program indicates that potatoes delivered for processing bore a guaranteed price of $1.65 per barrel at factory for Canada No. 1 grade. Potatoes delivered for export or other shipment bore a price of $1 per 75 pound bag on car at shipping point bagged, tagged and inspected. The total cost of this program to the government was $170,748.48.

Under the 1948 program potatoes bore a price of $1.15 per 100 pounds in bulk on the grower's farm. The total cost of this program to the government was $1,646,739.34.

Under the 1950 program potatoes bore a guarantee of 60 cents per barrel when delivered under the Agricultural Products Co-operative Marketing Act guarantee, which guarantee also amounted to 60 cents per barrel. The total cost to the government of the support of 60 cents per barrel amounted to $218,687.79. The cost under the co-operative marketing act was approximately $50,000.

In 1953, under the Agricultural Products Co-operative Marketing Act the government guaranteed an initial advance of 45 cents, 50 cents and 55 cents per bushel in Prince Edward Island and 40 cents, 45 cents and 55 cents per bushel in New Brunswick for different time periods. The total loss under this program was approximately $5 million.

The 1955 program consisted of the payment of $1 per barrel of 165 pounds for potatoes delivered to starch plants less whatever the government could recover from the starch plants. The total government cost of this program was $4,830.77.

In 1956, under the program followed in that year, the support price was based on $1.65 per barrel provided the consumer market remained at a price of three-quarters of a cent per pound or higher on the average up to June 15. This was based on potatoes delivered for processing, with the government to pay the difference up to the figure of $1.65. The total cost of this program to the government was $449,279.16. As these figures will show, the previous administration certainly looked after the interests of the potato farmer.

What has been done this year by the present government for the potato growers of Prince Edward Island? We learned in this house that an application was made on May 16 by the potato growers of Prince Edward Island for assistance from the agricultural prices support board. The official offer by the federal government, or the confirmation of an offer, was made on June 24. On July 18 I directed a question to the Minister of Agriculture as reported at page 2364 of *Hansard* of that date in the following words:

> My question is based on a press report in the Charlottetown *Guardian* of July 12 concerning price supports for potatoes, to the effect that all hope of receiving aid had vanished in so far as island growers were concerned. What factors have prevented the application of the provisions of the agricultural prices stabilization legislation to this important class of agricultural producer?

The Minister of Agriculture replied to my question as follows:

> Nothing has prevented it. As a matter of fact an offer was made by the stabilization board, which was approved by the cabinet, to the Prince Edward Island potato producers to give them support on the same basis as it has been given in New Brunswick as far as potatoes which are diverted to starch in that province are concerned. The potato association there accepted the offer but subsequently discovered that the potatoes had sprouted to some extent and therefore there was difficulty in so far as determining the grade was concerned. We are carrying on further discussions at the present time to try to overcome this difficulty.

I asked a further question in these words:

> May I ask as a supplementary question whether the delay of the government in applying this measure is not an example of the weakness of the agricultural stabilization program?

The Minister of Agriculture replied:

> Mr. Speaker, since this statement has been made I think I should have the opportunity of answering it. Any delays which have taken place in regard to the potato situation in Prince Edward Island have been due to the provincial government and/or the potato association in that province not being able to make up their minds, not accepting the offer when it was made to them, and not putting the plan which was offered to them into operation.

The reply made by the minister was not exactly according to the facts and in it he placed the blame on the government of Prince Edward Island and the potato growers there.

I have in my hand an excerpt from the Charlottetown *Guardian* of July 12, 1958, which I wish to place on the record. It bears the title "Department Ruling Kills Potato Support Program" with the subtitle "Ottawa Refuses to Relax Regulations on Firmness" and it reads as follows:

Even while producers' applications for assistance under the prices support program continued to pile up in the office of the potato marketing board yesterday, official word came through from Ottawa that virtually all hope of receiving aid had vanished in so far as island growers are concerned.

William MacLennan, chairman of the potato marketing board, stated yesterday evening that L. W. Pearsall, chairman of the agricultural stabilization board informed him that no relaxation in the quality of Canada No. 1 grade potatoes could be entertained. Mr. Pearsall said he was making his statement after consultation with federal Minister of Agriculture, Douglas Harkness.

Further on the article states:

The potato board was conscious of the fact that very few island potatoes would qualify as Canada No. 1 in so far as firmness was concerned and informed Mr. Pearsall accordingly. Mr. Pearsall told the potato board that he was sending Mr. Eardley to the island "with the purpose of making the plan work".

Yesterday Mr. Eardley denied that he had come here to "make the plan work". He said he was merely a fact finding committee of one to appraise and report on the situation as he found it.

Further along the article reads:

Mr. MacLennan said the industry felt that the offer was not satisfactory either from a monetary standpoint or from a quality restriction angle. "However", he said, "we were forced to accept it with the hope that some of the restrictions would be lifted. The matter has now been finalized and we know where we stand."

Mr. MacLennan estimates that by the rate applications are reaching the potato board office it would appear that about 600 carloads remain unsold.

He said every effort to move the potatoes has been made.

As we can see from this report, the fault was not with the potato growers of Prince Edward Island, nor with the provincial government of the island; the fault was that the offer made by the federal government was not acceptable and would cover only about 15 per cent of the potatoes which were then available for sale.

I have a letter from a Prince Edward Island farmer which also appeared in the Charlottetown *Guardian* on Monday, July 14, 1958, and I feel that this letter should be placed on record to show the attitude of the Prince Edward Island farmers toward the offer which they received from the federal government. The letter reads as follows:

Sir:

May I have enough space in your column to say a word about the potato problem which is causing unprecedented consternation throughout the province at the present time.

For more than two months now, we in the potato industry have been trying to get some satisfaction from the federal government at Ottawa which promised in the last election that the interests of our potato growers would be protected.

Our growers know by now that the assistance we have been offered is completely worthless. Many of the growers, including myself, are caught with large quantities of potatoes still unsold. And the assistance that has been offered has been made worthless because of the restrictions.

Can you imagine, Mr. Editor, how anyone would expect a bin of potatoes to pass Canada No. 1 right now. None of them will. Yet the government at Ottawa refuses to consider our potatoes unless they do.

Three of our Conservative members are in the province today and I suggest it is their problem. They told us glibly and emphatically at election time that their government and its legislation would look after such an emergency. The emergency is here now and they are doing nothing about loosening the grave restrictions.

The way I see it is either one thing or the other. These members must fight for us and get our just desserts or else they had better resign and let someone else take over the job who may be able to serve us efficiently.

Fellow potato farmers I suggest you see your member today and impress this upon him. I have already seen mine.

Their leader, Mr. Diefenbaker, is the man who made the promises right here in this province that our potato crop would be protected under such an emergency. Now is the time for our members to see that Mr. Diefenbaker keeps his promise.

I am glad to see the Prime Minister now in his seat. I see the line is working. I continue:

At that time Mr. Diefenbaker was all for the farmer. At least that is what he told us. Now his government orders two potato inspectors to inspect a potato bin and warns them that two more will follow. Does this look as though it is the farmer he wants to help.

Those same inspectors were capable of inspecting potatoes to go to our best seed and table stock markets all over the world. But now when there is a chance to help the farmer, Mr. Diefenbaker wants four inspectors to do the job where growers with large holdings are concerned.

I am, sir, et cetera,

Neil Bradshaw,
Searletown.

There, Mr. Chairman, is the opinion of a farmer of the island on the help which was offered by the present government.

Mr. McPhillips: Is he a farmer who raises third-grade potatoes?

An hon. Member: Not in Prince Edward Island.

Mr. Robichaud: If my hon. friend only knew something about potatoes he would know that by the 26th day of June and early in July it is just not possible for the ordinary farmer to have all Canada No. 1 potatoes in

his potato bin. He is just showing his ignorance of the potato situation.

The statement which was made in this house on July 18 by the minister blaming the potato grower and the government of Prince Edward Island, was rightly challenged by Hon. Eugene Cullen, minister of agriculture for Prince Edward Island. Here again I have an article which appeared in the *Guardian* on July 19, and I feel that part of this article should be placed on the record of this house to challenge the statement made by the Minister of Agriculture. It reads:

> Agriculture minister, Hon. Eugene Cullen, yesterday took strong exception to statements made by federal Minister of Agriculture, Douglas Harkness, in the House of Commons, regarding the implementation of a price support program for island potatoes.
>
> Mr. Harkness was credited with saying "the delay in giving assistance to potato growers of P.E.I. was due to the growers themselves in not making up their minds whether to accept the government offer."
>
> Mr. Harkness further stated that the plan offered to island growers was the same as that offered to New Brunswick growers in the starch diversion program. He concluded by placing all the blame on the government of Prince Edward Island and the growers in not deciding early whether to accept the offer.
>
> In a prepared statement issued last night, Hon. Mr. Cullen said: "I find it difficult to believe that the Hon. Mr. Harkness made the statement attributed to him in a Canadian Press dispatch yesterday.
>
> There are many potato growers in Prince Edward Island whose continued existence as farmers depend on the amount of assistance they receive in the disposal of the balance of their 1957 potato crop.
>
> This unfortunate situation puts a grave responsibility on those whose duty it is to administer the Agricultural Stabilization Act, and we therefore expect from them statements which are carefully considered and supported by the record."

The record is as set out in this report:

> "1. On June 3, I told the agricultural stabilization board that the province was prepared to provide for the administration of any plan that was acceptable to the growers.
>
> 2. The first definite offer of a diversion program for P.E.I. was received on June 26 which was two days after Mr. Harkness announced in the press that we had been offered 36 cents a bushel for a feed diversion program.
>
> 3. The application for a guaranteed price was made by a committee consisting of representatives of Prince Edward Island potato producers' association, the Prince Edward Island potato dealers' association, the potato promotion committee, the federation of agriculture and the P.E.I. marketing board."

No one would dare to say that those people do not know the condition or quality of the potatoes on the island. I continue:

> "4. After receipt was confirmed by wire on June 26, any delay in accepting the miserable offer was due to the fact that the committee wished to make every effort possible to secure a better agreement before accepting an offer which at best would give the grower only a small part of his cost of production and which under present conditions proved to be worthless.
>
> The only reason that the offer was accepted on July 7 was that the committee did not wish to deprive any grower of a chance to receive assistance, however small it might be.
>
> In regard to Mr. Harkness' statement that island growers accepted the proposal, then discovered that the potatoes had sprouted, I wish to say that four days before the offer I sent Mr. Harkness a wire which stated that his offer was practically worthless because less than 15 per cent of island potatoes were firm at that date.
>
> The offer was accepted only after I received an answer to my wire which stated that Mr. Harkness could see no reason for changing the conditions."

Fortunately, Mr. Chairman, a few hours after the minister had made this statement in the house an announcement was made in Charlottetown that the department, after representations were made from the potato growers association and from the government of Prince Edward Island, had modified their offer and I understand that now 75 per cent of the potatoes will be covered by this price support. My reason for putting on the record the information which I have placed there tonight was to answer the statement made by the minister, putting the entire blame on the government of Prince Edward Island and on the potato growers of the island.

(Translation):

Mr. Racine: Mr. Chairman, I wish to avail myself of this opportunity to offer some very brief remarks on the agricultural situation in the province of Quebec in general, more particularly with reference to my own constituency.

During the debates on the address in reply to the speech from the throne, I already had an opportunity of raising certain problems facing the farmers of my constituency. I believe that it is imperative that I should return to these matters, so as to refresh the memory of the Minister of Agriculture on that score.

It should be sufficient to note in this regard that many farmers are quite incapable of finding on the farm itself the income required to earn a decent living and that, consequently, they must look elsewhere for an increase in that income. That is why a large number of farmers, at least in my own constituency, must work in the bush or as day labourers so as to provide their family with the necessities of life.

The situation is perhaps not new, but there certainly has been no improvement in this regard because of the price-cost squeeze.

The farmers of my area are not getting their fair share of the national income. That is why so many farmers' sons have gone out into the cities to earn a decent living.

In my district, a number of farmers who were formerly in a position to count on the sale of pulpwood or maple syrup to help in balancing their farming budget, now find that these two products sell at ridiculously low prices.

We are still expecting, with a great deal of impatience some gesture by the government with regard to the setting up of a reasonable price for pulpwood.

During the last campaign the Prime Minister (Mr. Diefenbaker) had promised that the government would see to it that the selling price of that product would be regularized. On February 26 he stated in Rimouski, as reported by the Toronto *Star* on February 27:

(Text):

I hope, and representations have been made, that the advisory committee and the stabilization board, which will administer the act, will give consideration to including farmer-produced woods so they will know the lowest prices they will receive a year in advance.

(Translation):

Up to now, nothing concrete has been done to solve this problem. I trust the government will act upon the recommendations contained in the report of the Restrictive Trade Practices Commission, which was established by the previous government, at the particular request of the hon. member for Gatineau (Mr. Leduc), whom we still have the pleasure of counting among our colleagues.

Of course, this will not compensate the farmers for the losses they have incurred in the past, but it would be very important that the government take the necessary steps in order that the 40,000 farmers and settlers of the province of Quebec, owners of farm wood-lots—obtain in the future full value for their products. It is a vital matter in so far as Quebec farm budgeting is concerned, and it is now up to the government to solve that problem.

Another product which I mentioned as supplementing the income of our farmers is maple syrup.

It is for me a duty to raise the matter again since, according to the statistical date available, it is the constituency of Beauce which occupies top rank in the production of this staple in the province of Quebec, not to say in the whole of Canada.

Nowadays the equipment necessary for the production of maple sugar and syrup is very expensive, and the producer has to buy it if he wants to supply the market with a first-class product.

Farmers have understood the situation and many of them, thanks to federal and provincial assistance, have now been able to exchange their sap buckets.

As a matter of fact, the time of the birch bark bucket is over, and out of about 21 million tapped maples in the province of Quebec, covering more than 20,000 farms, nearly 17 million buckets have been replaced by aluminum ones, the cost of which is being borne, up to ⅔ in equal parts, by the Quebec and Ottawa governments respectively.

This afternoon I heard the hon. member for Joliette-L'Assomption-Montcalm (Mr. Pigeon) criticise the former Liberal administration for discontinuing the subsidy on sap buckets. I might tell him that, on 21 million tapped maples, 17 million buckets have been replaced and that, if the government which he supports is really interested in maple products, there would be only 4 million more to replace.

There is still quite a large extent of maple bush where buckets have not been replaced and the producers would certainly appreciate it if the grant were reinstated.

I recently received a resolution from the council of Beauce county, and the people of my riding will certainly not stop urging the hon. Minister of Agriculture, as I intend to do myself, to consider a matter which, as a matter of fact, is of vital importance to our sugar producers.

According to the statistics published by the government of the province of Quebec, for 1951, the latest I have been able to obtain on maple products, the total production for that year reached $6,879,000 and, in my own riding, the production amounted that year to $943,716 i.e. almost 1/7 of the total production of the province of Quebec, and the same is probably true for the whole of the country.

Our production of maple syrup and sugar has constantly increased since 1955 and, according to the latest statistics I have before me, it was worth $9,393,000 in Quebec.

As considerable amounts have been invested in maple bush, we should now consider a reasonable revenue, remuneration and profit in fixing the sale price for maple products.

As the production of maple commodities is not considered an industry, it should be given a reasonable profit margin.

Among the remedies to be applied to this situation, it would certainly be proper to establish an adequate support price taking into account the production cost and a compensation price which could also apply, in order to give some return to our farmers who are now obliged to sell at a loss.

Nor should we forget either that maple products are one of the oldest agricultural production, one which is typically Canadian.

That is why I feel that if the Department of Agriculture were willing to give an adequate publicity to that product, not only in the springtime, but the whole year round, we could hope that part at least of this product, if not all of it, would sell at reasonable prices in this country.

If it was required that all maple syrup marketed be clearly labelled "pure syrup", "artificial or falsified syrup", whatever the case may be, we could hope that the consumer, seeing the difference, would be inclined to secure pure syrup, even if its price were a little higher, and we are convinced that after one try, he would always insist on buying that delightful product of matchless flavour. If maple syrup were advertised to the same extent as cane sugar from Cuba, we do not see why it would not sell at a price satisfactory to the producer and why its consumption should not be increased.

Maple syrup production in this country has now passed the $10 million mark. I feel therefore that the government should bring an immediate solution to the marketing of this product, in close co-operation with the Quebec maple producers co-operative and the newly formed syndicate.

I also would like to suggest to the Minister of Agriculture to include in his credits some money for subsidizing the purchase of chemical fertilizer.

In various areas, the soil is not quite suitable for farming, and it is only with great effort and a great deal of pains that the settler, and later the farmer, succeed in making their land profitable, which often takes several years. That is why I feel that a subsidy of this kind would not only be an incentive, but a genuine help to all who have anything to do with farming.

I also believe that subsidies on the transportation of seed grain from the west to the east of this country should be increased, as an incitement to our farmers who would buy this grain. We would thus kill two birds with one stone, for while helping eastern farmers, we would promote the disposal of farm products from the west.

I could submit many more requests on behalf of our farmers, but I shall limit myself at this time to those I just mentioned. I must admit that I was somehow disappointed this afternoon when I heard the hon. member for Joliette-l'Assomption-Montcalm deal with farm problems in the light of political partisanship. To my mind, farming brings up issues important enough to be treated seriously by setting up the proper legislation that would help our farmers to solve them.

[Mr. Racine.]

(Text):

Mr. Herridge: Mr. Chairman, before proceeding to deal briefly with the suggestions I wish to bring before the committee tonight I wish to express the appreciation of this group for the courtesy, competence and good work of the departmental officials and the staff of the department throughout the country. These well-trained men and women perform a vital and essential service for Canada without any fanfare and, in most cases, without any publicity. I suppose we all recognize that major improvements in farm efficiency and production to a great extent depend on their intelligence, training and industry.

I think everyone will say that in the Department of Agriculture we have on the staff a good percentage who have all three of those requirements. Still, Mr. Chairman, our sense of values in this country is so unbalanced that in many cases a peanut vendor or a hot dog pedlar receives more compensation for a year's employment than do some of these highly trained, well-qualified and loyal public servants.

I am somewhat interested in this question, Mr. Chairman, because as a matter of fact I went to college in 1909 with a good number of former officials of the Department of Agriculture, and the forestry branch of another department, but unfortunately most of those officials have retired. I am one of the ancient remnants of that class still surviving in this house and who will survive for some time yet, I hope. Anyway, I urge the minister to do all he can to correct any salary injustices that are brought to his attention by the agricultural institute of Canada or by any other appropriate organization concerned with the welfare of these people and this staff.

Whenever I think of the good work done by these people who carry on their services largely unheard of, largely unsung and to some extent underpaid in some cases, I cannot help thinking of those lines in Gray's "Elegy in a Country Churchyard":

> Full many a flower is born to blush unseen,
> And waste its sweetness on the desert air.

I think Mr. Minister, you will recollect the fact that you have two rather tall flowers in the department in Ottawa.

I am very much interested in these estimates because I come from generations of farmers and foresters in Great Britain primarily and in the last approximately 50 years in British Columbia. I have experienced all the vicissitudes that a green Englishman experiences in entering a virgin forest and converting it to orchards, grass-growing land, tillable soil and so on. I could tell you of some most

interesting experiences but I would rather do that when I am not taking the time of the house. However, I should like to say this in order to illustrate the tenacity, the purpose, the vigour and the intelligence of the early settlers who came out in my district in the upper Arrow lakes with very little money but great hopes, some of which have been shattered in the years succeeding. We were greatly interested in raising a fine breed of poultry and none of us had the money to invest in a really topnotch rooster. Do you know what we did? We all clubbed together and we had something that was very rare in Canada, on the upper Arrow lakes in the early days—we had a travelling rooster and we used to put him in a crate and transfer him from place to place, as the poultry farmers' requirements demanded.

In any event, I am speaking tonight on behalf of this group because this group is greatly concerned about the preservation of the family farm in the agricultural economy of Canada. This group views with concern the devitalization of our rural life in some areas, the decline of the family farm in other areas and the lack of opportunity provided for young people on the family farm, the lack of opportunity for the sons and daughters of Canadians who wish to farm and are capable of farming—and I have personal knowledge of a good number in my constituency—but who, owing to the conditions that prevail today, are unable to give vent to their desires and their hopes in that respect.

When we come to contemplate the millions of dollars spent on defence and the millions of dollars spent in subsidizing industry—for instance, the gold mining industry; and that has been a necessary and temporary expedient in recent years—we cannot understand why we in this country cannot do something for the thousands of young Canadians who wish to farm at this time and are denied that opportunity. In the remarks I wish to make this evening I intend to suggest the necessity for national rational planning as the result of federal-provincial co-operation to undertake certain policies that we think are necessary to bring together our idle resources in land and our ambitious people who wish to take advantage of those resources.

The first requirement when you come to establish a farm is land. We have an abundance of that commodity in this country. Before passing on I want to say that I support very strongly—as does this group, as a matter of fact—the proposals of the Canadian Federation of Agriculture for a national conservation and rehabilitation act, to be applied for the purpose of moving people from marginal farms on to good soil and developing the thousands and thousands of undeveloped and unused acres in this country.

Before proceeding further I want to say that I have followed with interest the committee in the other place which has been studying land use for some weeks, a continuation of the studies commenced last session. I think that committee is doing excellent work because they are hearing evidence from people who know something about this question. I advise any hon. member who is interested in this subject to read the minutes of the committee on land use that is being carried on in the other place.

To illustrate briefly—and this has some local application and no one can ever accuse me of talking for the folks back home; I am talking for Canada in general but I use local illustrations because I have personal knowledge of them—and to mention the opportunities in the thousands of acres that can be brought under cultivation, we have in the Kootenay district a valley known as the Lardeau valley. In that valley there are at the present time 16,000 acres of first class land that could be brought under production. At the present time a great amount of it is covered with timber. Quite a large extent of it requires draining. But under some national conservation or rehabilitation act there is an opportunity for the development of a large area of land, as a result of the co-operation between the federal government and provincial governments, for the placing of young Canadians who will live their lives as farmers.

Another valley is the Slocan valley which is over 31 miles long and with thousands of acres of land. Some of it requires draining, some of it requires irrigating and some of it requires clearing of a poor species of timber. This valley is very suitable for agriculture. It is about one and a half miles wide and 31 miles long and there is a paved highway down the centre. There is also a power line right through the centre of the valley and there is quite a large river of about a hundred feet in width flowing through the valley. It is good land with good roads, power and water, and everything required for successful agricultural development. All that is necessary is some co-operation on the part of the governments to bring it into production.

In this connection I would say that the Slocan valley agricultural and conservation association, of which I am very pleased to be a member, is very interested in this development and wrote to ask if I would take up with the minister the question of having

surveys made to determine the possibilities of the valley. This I did, and I want to express sincere appreciation on behalf of all those settlers of his interest in the matter and of his willingness to consider undertaking something of that sort if the provincial government would also show their interest in the matter and would make some representation in this connection to the federal government. I do hope the people back home will be able to get the provincial government to take the initial steps in this direction.

We also have the Inonoaklin valley which is 15 miles long and has thousands of acres of available land, in this case mostly under cultivation. All that is required there is transportation. They have the soil, they have the production, they have the farmers on the land and a good many farmers' sons who are anxious to farm. I know dozens of these young fellows who are not interested in going to university or gaining an academic education but who want to farm. However, because of the amount of capital required under present conditions they are unable to do so.

We also have some smaller areas throughout my constituency along the Kootenay lakes, the Arrow lakes, and Slocan lake which present opportunities for agricultural development. I have mentioned this matter as an indication of what we have in Canada. These areas I have outlined are in one constituency which is largely a mountainous constituency, so what opportunities must there be in other parts of this country? The first requirement is, of course, land and we have that in abundance —good land. The second requirement is young people who wish to farm, and we have those in good numbers. The third requirement, as I see it, is a satisfactory form of agricultural credit on a long term basis which will permit these young people to undertake a farming life without being oppressed by the necessity to repay loans in a relatively short period of time. There has been much experience in this connection in Great Britain and other European countries and anyone who has knowledge of long term agricultural credit knows that as far as land is concerned it can rarely stand an interest rate higher than 3 per cent to be repaid over a term of 30 years or more.

In that connection I would like to quote briefly from a document I received from the director of the Veterans' Land Act administration with respect to supervised farm credit. I want to give Brigadier Rutherford every credit for exercising some imagination and I think anyone with any knowledge of what is being done under his administration, within the limited scope of the act and within the limited amount of credit permitted under the act, will agree that the administration has blazed a trail which we might follow with respect to the development of a sound agricultural policy in Canada. I would like to read three paragraphs from this document, which are as follows:

Supervised Farm Credit for the Family-Sized Production-Line Farm
by T. J. Rutherford

Supervised farm credit is not an entirely new idea. Something of this nature was tried out in western Canada by an association of lending institutions who were having serious difficulties with their farm accounts during the depression period. It has also been tried to a limited extent by some lending agencies in the United States. However, it remained for the veterans land administration to give it a name, and to put the idea to work on a wide base and in a manner which has demonstrated how very effective it can be made in "putting agricultural credit to its highest and best use, and in ensuring its repayment in the ordinary course of business and without tears."

Since the amount and value of the land, livestock and equipment required as components of an economic family farm unit continue to increase, the need for carefully supervised credit in just the right amount—no more no less—and made available at just the right time to competent and progressive farmers capable of using it to good advantage, becomes more and more urgent. In fact, it has now become a necessity if agriculture is to again take its place with other industries in the matter of income to those who work, manage and, at the same time, largely finance its production units—

Adequate Supervised Farm Credit a Necessity today

The provision of adequate supervised farm credit is undoubtedly the most effective way in which various levels of government can assist agriculture to correct the income differential as related to other industries and, at the same time, bring production more in line with future market requirements. While industrial corporations finance their production to a considerable extent with funds supplied by holders of bonds and preferred stocks—who, though not actively engaged in the business, have a first claim upon its assets and income as security for the credit advanced—farmers generally have no such source of credit. This disadvantage is one which government, at all levels, can help to remove by making adequate credit available to this basic industry under a type of supervision that will minimize risk of loss and ensure its highest and best use in the building up of economically sound family farm units—which are the backbone of a permanent, prosperous agriculture.

The capital requirements of those now engaged in agriculture are nearly three times greater, on a gainfully employed worker basis, than they are in other industries and at least three times greater than they were when the Veterans' Land Act was enacted in 1942. The lack of available capital is unquestionably responsible for much underemployment and uneconomic labour on Canadian farms—

And I can endorse that from experience.

—for the reason that many of these farms are too small and/or inadequately equipped and stocked to constitute sound, economic units. Larger and better units would, of course, mean fewer units, and also the taking out of agriculture and putting

back into trees of considerable submarginal land and, in some cases, packets of reasonably good land that are too small, badly situated or scattered to be assembled into economic farm units under present conditions.

I think Brigadier Rutherford has stated the case very well indeed and I would just like to quote briefly from the table he mentions which shows the value of supervised farm credit. This table is as follows:

Net worth—The average net worth of the settlers, including the conditional grant of $2,320 as if earned at time of settlement $5,117
The average net worth, December, 1957, an average of 8.3 years after settlement $13,433

In view of the limited capital available and the situation under which many of these men commenced farming, I think this is very creditable indeed and is a clear indication of what could be done by an expansion of this form of supervised farm credit at low interest rates over a period of up to 40 years which is very badly needed.

The other day when the Canadian Farm Loan Act amendment was under consideration I did not take advantage of the opportunity to discuss this question because I thought I would be ruled out of order and my remarks on that act, therefore, were very few indeed. It was however obvious from the debate—and this applies to the remarks of many members from all parties in this house—that there was a great deal of dissatisfaction with respect to the adequacy of the present Canadian Farm Loan Act. I am not criticizing the commissioners or the officials—they are there to administer the act and the regulations—but the whole basis of the act makes it necessary that they administer it as a mortgage company would administer a loan, on a strictly, shall I say, mortgage company basis, expecting practically the rate of interest required by a mortgage company without any direct supervision of the operation of the farm and the attitudes towards loans are the attitudes of the mortgage companies, investment houses and institutions of that sort.

I am sure that during the debate the minister will be convinced of the necessity for exercising some imagination to bring together the land and the young people who wish to farm, many of whom are the sons and in some cases the daughters of men who fought for this country in the first world war, or the second world war, or both, because we have some pretty vigorous war veterans from the first world war, as evidence given before the veterans committee has shown.

Further, I think we need a national form of crop insurance. I was pleased to hear the minister say recently that the matter was being given close study. I do not for a moment underestimate the difficulties, particularly when one has to deal with all the ten provinces and take into account the different attitudes towards this type of legislation. But the need is obvious, the matter is urgent, and it is one which requires the co-operation of federal and provincial departments of agriculture and governments if this problem is to be met.

I am not suggesting for a moment that crop insurance will cure all the ills of agriculture. Some of the present ills can be cured by irrigation, some by satisfactory under-drainage, some by better tillage, but regardless of a farmer's efficiency in these directions there are still the hazards of weather, disease and insects. I see no reason why we should not, as Churchill said on one occasion, make the law of averages come to the rescue of millions in this country with respect to crop insurance which is so necessary.

I am quite sure that if the Minister of Agriculture wants to have some evidence of the success of crop insurance in a limited sphere he could do no better than study the hail insurance plan introduced by the British Columbia fruit growers association. I might say that this is not the only progressive step which has been undertaken by this association. We were the first fruit growers organization to fight for marketing legislation on a provincial basis, and the first agricultural organization of this type, I think, to establish a form of crop insurance with hail insurance. While that act is limited in scope I think it shows what can be done and if we can get the federal government and provincial governments with the farmer's associations and the farmers, whether wheat growers, or fruit growers or hog raisers working together, surely we have the intelligence to devise an act which will protect the farmers of Canada against the vicissitudes of nature.

Another field which I think is certainly worthy of investigation by the minister and by the government is the need for more satisfactory transportation. As I mentioned before, I have one valley in my area, the Inonoaklin valley which has a very good production record, but which lacks direct access to the markets by road. I do think that the federal government together with the provincial government of British Columbia should give thought to the development of such highways as are required to bring agricultural commodities to the centres of population. We hear a lot about the tourist trade and the necessity for building highways to assist these visitors, but I do think that the needs of farmers in certain areas

deserve more attention by federal and provincial governments on a co-operative basis so that they may be provided with transportation facilities which up to now have been denied.

One other matter which I should like to discuss is the question of unemployment insurance for farm workers. As the minister knows, the British Columbia fruit growers association has repeatedly passed resolutions in recent years urging that the Unemployment Insurance Act be amended so as to provide unemployment insurance for farm workers. I know that the failure of the government to do that has resulted in hardship to farmers in Canada. I have personal knowledge of a number of farmers who are unable to obtain labour for short periods, for which they are willing to pay industrial wages, because the men who might have accepted employment would not be building up unemployment insurance contributions. As a result, labour was simply not available for gathering fruit, making hay, and harvesting other crops, because, as I say, workers on farms are not covered by unemployment insurance. I would urge the minister to discuss this matter with his colleague the Minister of Labour.

Mr. Harkness: It has been done.

Mr. Herridge: You have already discussed it? Well why in the world do you continue to hide your light under a bushel?

Mr. Harkness: I was always a very modest fellow.

Mr. Herridge: I am glad to hear that these discussions have been undertaken, and I hope that at least in the course of next session—I am not one of those who are advocating that too much legislation should come forward during this session from now on—the minister will introduce amendments to the Unemployment Insurance Act to deal with the points I have raised. I am happy to know that we have had such a good influence on the minister.

In addition,—and I know this is primarily a matter for the provincial governments—I hope consideration will be given to making workmen's compensation available to farmers under better circumstances than now exist in most provinces at the present time.

An investment in rural life will, I am certain, pay dividends in national stability, in happiness for many people, and in cash for those concerned as well as for the governments who have control over the affairs of this country. I am a great supporter of rural life because I believe that for a nation to be strong, progressive and healthy and to continue to be democratic in every sense of the word we must have a strong, well organized rural population who are making their living on the land, not only because they love to do it but because the return provided is a fair share of the national income.

We have an excellent staff in the Department of Agriculture. I know that so far as British Columbia is concerned they have excellent people there. I have met a good many of these chaps at different times and they would be only too willing to feel that they were taking part in a well-designed, well-planned national policy with a particular purpose in mind, as a result of co-operation between the federal government, provincial governments, farmers' organizations and the farmers themselves.

Every one in the chain of responsibility should accept some responsibility in support of a national plan. As far as this group is concerned it is the only road we should travel in the future if we are going to achieve the success that is necessary. These things are required to ensure the continued operation, preservation and development of this very vital sector of our economy, the Canadian family farm.

Mr. Milligan: Mr. Chairman, I feel I would not be performing my duty at this time if I did not make a few remarks concerning agriculture. The subject of agriculture has always been very close to my heart. I am the third generation in my family to follow agriculture and I have three sons engaged in it at the present time.

I have been connected with farm organizations for about 15 years and as a result of this experience I have learned something of the problems that affect agriculture in every province in Canada including Ontario. We have heard a considerable amount of discussion about agriculture and particularly about western agriculture but not too much has been said about the industry in the east.

I listened with much interest and a certain amount of pleasure to the Minister of Agriculture when he made his remarks on Friday, July 11, 1958. At that time I was prompted to ask myself if agriculture is in the rosy haze of prosperity about which we have heard so much or, on the other hand, if there are some very important aspects of agriculture in a critical position to which we are attempting to blind ourselves and make ourselves believe they do not exist. I should like to explain what I mean by these statements and perhaps I can best do so by asking this question. Are we, as members of parliament, satisfied with the over-all picture of agriculture today? We must remember that agriculture is the oldest industry in

the world. It is the life blood of this generation and of generations still unborn. It is the foundation upon which we have built up this land of ours.

I quite agree with the statement made by the minister when he said the total income of agriculture is much higher than it was a year ago. It is gratifying and a source of some satisfaction to know that this has occurred under the able leadership of the present minister but obviously it could have a detrimental effect on all agriculture if we do not explain to the consuming public the exact position in which agriculture finds itself. Most people scorn the thought of any assistance being given to agriculture. When we talk about increased protection from imports the consumer feels that agriculture is already in a prosperous condition and not in need of further consideration. I believe it is the responsibility of those who are dependent on agriculture for their livelihood to present a true picture of the industry and the position in which we find it.

When discussing the position of the farmer and his wife and family with an intelligent consumer a few days ago I was informed by him that there was plenty of money on the farm and that farming was a secure position. The consumer suggested that if the farmer did not like his position in agriculture he should get out of it and take up something else. I believe that is the feeling of a great many people who are not engaged in the agricultural industry. Those engaged in the industry must remember that they represent only a small percentage of the total population, about 12 per cent at the present time. There are, therefore, eight people looking for cheap food as compared with one who is trying to secure a fair return for his labour in this field of endeavour.

We have heard a great deal about the wheat situation and I can assure you that wheat is an important part of Canada's agricultural industry but there are other sections of the industry which are equally important. As long as we have a surplus of western grains we are going to have trouble in agriculture. We want to make it prosperous for the wheat farmer to be able to sell his wheat and continue selling wheat. Just as soon as it becomes unprofitable for him to do that he will engage in some other line of production such as livestock in which we have a surplus at the present time.

I fully agree with the following statement of the Saskatchewan wheat pool taken from one of its publications:

> Other exporters, such as the United States and France, directly subsidize their exports of wheat and flour. More recently the United States has offered a variety of inducements such as long term credits, barter deals and give-aways to induce importers to buy their wheat.
>
> The combination of import restrictions and export subsidies which are now almost universal in the wheat trade force the Canadian farmer into competition with foreign governments. So far, the Canadian farmer has met this competition virtually unaided. In requesting deficiency payments he is asking the government of Canada to help bear part of this burden of unfair competition.

At the present time the wheat farmer should be given some sort of support in selling his wheat at a profit to enable him to remain in the business of growing and selling wheat regardless of how this is done. I feel that every one from eastern Canada should be concerned about the situation and offer the western farmer every support.

The September 1957 issue of *The Rural Scene* published by John Atkins Publishing Company Limited in Midland, Ontario, contains an interesting article, a portion of which I wish to place on the record:

> We believe that Mr. Diefenbaker is actuated by a sincere desire to give Canada good government, and by an equally sincere desire to preserve Canadian agriculture as a self-dependent, self-respecting industry.
>
> We believe that, if he discovers that some of his pre-election promises were hastily made and without a clear realization of all they implied, and if a closer study of the problems convinces him that some of his promised remedies are likely to do more harm than good, he will not hesitate to do what is in the best interests of the country and of the farming industry, rather than what is closest to the letter of his promises.
>
> In this he should have the full support of all parties in the house.

I am sure there are not many hon. members who feel that agriculture has been promised too much. Another article in the same issue bears the title "The Market Price is Starting Point" and reads in part as follows:

> Minister of Agriculture Harkness is said to be studying the question of a fair price-cost relationship for farm products.
>
> In such a study the first thing to determine is what would be a fair price for any product.
>
> The answer to this question can be found in the decision of Mr. Justice W. J. Schwenger last December in a dairy arbitration case. The item reads:—
>
> "The gross value of 100 pounds of milk is not its cost of production under normal conditions, but what it will bring on the available market. The net worth of 100 pounds of milk must be this gross return less all expenses of shipping and processing."

If that applies to agriculture, why should it not apply to every industry? How many industries today throw their products on the market at whatever prices they will bring? Agriculture should be in a position no different from that of any other industry. The farmer must have his cost of production plus a reasonable rate of return on his investment. It is this kind of thing that is poisoning the

consuming public against the thought of giving any consideration to agriculture. I continue reading from the same article:

No article of commerce has any value other than what it will bring on the market. The government's duty is to see that nothing interferes with the free functioning of the market, for the judgment of the market is the judgment of all interested parties.

In the same issue of this publication under the heading "Time to Define Farm Prosperity" we find this significant statement:

The question arises: If the Canadian taxpayers have to furnish 75 per cent of the capital the farmers need, and also have to give the farmer-controlled marketing boards monopolies in the Canadian market, and, on top of that, if they have to pay higher taxes to support farm prices at levels satisfactory to the farmers, of what benefit would the agricultural industry be to the country? It would be a mendicant industry, living on what it could get out of the government and not on the value of its service to the people.

By no stretch of the imagination could it be called a truly prosperous, self-supporting, self-respecting industry.

I am sure no one in the agricultural industry is looking for a handout or for any support that is not due to him. These statements should be corrected so that the consuming public will know the conditions we are facing at the present time. I have another quotation that I should like to put on the record:

We have all heard of the recently discovered Parkinson's law, which says that, in the government service, work will always be stretched out to occupy all the time available for its completion. The same law seems to apply to costs when the government is paying them.

The article goes on to say that agriculture is a high-cost producing industry, unable to compete in the free market without help from the government. I continue:

More and more our farmers are looking to the governments to solve their problems for them. More and more they are depending on their political influence and less on their farming abilities.

I do not think there are many farmers who try to drag out the cost of production so that they will have more grounds on which to apply for assistance from the government.

I would like to say a word about the stabilization bill that was brought in last year. It is one of the things that we should be proud of. I think it is the answer to our agricultural problem but there have to be amendments made to it from time to time. We have adopted some support prices. In some instances some of us think they are not high enough; others think they are too high. However, it is a step in the right direction, and if it is carefully handled it can prove to be of great assistance to agriculture.

We have heard a great deal about inefficiency. To me it has got to be a poor excuse for not giving consideration to agriculture.

[Mr. Milligan.]

Most of our farmers are efficient. I feel that there are many other industries that have not proved as efficient as agriculture. It is true that we have the odd farmer who is not so efficient, but by and large our farmers are certainly producing as much as and probably more than anyone in any other industry.

I did say something about wheat, but we must consider that world wheat trade is down. It has been dropping year by year not because of the fact that we have not been getting markets but because other things are affecting us along this line. According to the IFAP *News* one of the reasons for:

—reduced wheat imports needs in many countries, especially western Europe; reduced export supplies in several countries including—

Many of the larger producing countries have give-away and barter programs that are being conducted throughout the world. We have assisted through the Colombo plan a number of those countries which were importing our wheat a few years ago. Through better agricultural programs, tile draining, draining of land, insecticides and many other things, they have increased the yield of food in those countries many, many times. It is good that we have done that, but in doing that we have reduced some of our wheat exports. Again, the consumption of wheat, or of the products of wheat, has undergone a change. The eating habits of people throughout Canada today have changed. They are not eating as many products made from wheat flour. Therefore, a change should be made in the program but we must be careful that we do not bring it on too quickly and upset our whole agricultural program.

I would like to say a word about the beef industry with which I have been connected very closely for a number of years. It is quite true that we are getting a fair price for our beef cattle today but there should be a word of caution to those people who are thinking of getting into the beef industry. As long as we can export our surplus beef to the United States, as long as there is a demand for it, we are going to have a fair beef price; but just as soon as they get enough of our cattle the price will fall back to where it was before. Most of us realize that the United States would not be importing quite as much as they are importing at the present time if it were not for the drought conditions they have experienced in certain areas. Because of that their cattle population has been dwindling and therefore they want our cattle. But I would caution a number of people who are thinking of getting out of the dairy industry and into the beef industry. They might find that it will not be so profitable in a few years time.

I wish to say something about our hog production and our hog industry. We have been favoured with a good price for pork in the last year. I hope it will continue, but I am very doubtful whether we are not going to get into over-production. One of the greatest difficulties that we have in the agricultural and livestock industry at the present time, and that includes the hog industry, is the vertical integration and the contract feeding. We have quite a trend toward it in the province of Ontario and if something is not done to correct it we are going to put most of the small farmers out of existence. According to the pamphlet on hogs which I hold in my hand, in the United States 60,000 farmers with 100 sows, each farrowing twice a year, could produce 96 million hogs and the total consumption there is around 89 million hogs. In Canada we are consuming about 6 million hogs in a year. About 375,000 sows, averaging eight pigs twice a year, could produce all the pork that we need in Canada or about 3750 farmers would supply all the needs we have for pork products.

We had a vote in Ontario last Friday. There are 78,000 registered voters in Ontario alone. When we talk about setting up support prices I wonder who we are going to support. We talk about the cost of production. Nobody knows the cost of production. Most of us who have been engaged in agriculture for a number of years do not need too many economists to tell us what it costs to produce a hog, or the cost of production of most of the products on our farms; but if we are to set up a support price that will be an incentive to the large producers or to the feed dealers or the man who is setting up a hog farm, who can buy his grain at wholesale prices, who can buy his concentrates at wholesale prices, he will not care whether he makes too much on a hog. If he makes a dollar apiece and produces 5,000 hogs he will have $5,000; whereas the average small producer who produces a hundred hogs at a dollar apiece will receive only $100. I have heard something along that line. I know one producer in my own area who is building today and setting up a contract for 10,000 hogs a year with one of the large packers who will supply the feed. This is something that we must take a look at and not wait until the industry is in trouble before we correct this situation.

I would like to say a word about the dairy industry which is very important in Ontario, Quebec and the maritimes. We are very proud that we have a stabilization board. We have a support price under butter and cheese. Sometimes we have found that the support price becomes the ceiling. I have had numerous complaints and requests from the cheese producers this year when they were in trouble. The Ontario cheese producers association was able to get a licence to buy cheese and in the past few weeks they have been stepping on the market and buying cheese. At the present time they have been able to raise the price to 35 cents, which is only a cent above last year. If they had not been able to do that the result would have been that the cheese price would have been one cent below last year.

The minister has suggested that they reduce the price of powdered milk from 17 cents to 15 cents. Seventeen cents was the price arrived at last year as the cost of a pound of powder and it seems to me that with the cost of production going up the price should have remained at that figure. I do not think many industries would have accepted a reduction, and with the experience I have had in agriculture I quite agree with the statement made by Lord Boyd Orr, a former FAO director general, when he said that it is difficult to prevent surpluses by reducing prices because the farmer with capital increases his output to compensate for the reduced price in an attempt to maintain his income. I quite agree with that statement because when I was farming in the thirties I know that to meet my expenses and taxes I had to produce a little bit more when we were producing at a very low figure. In those years I produced hogs for $3.25. I think we have got to adopt some policy that will give a fair return to agriculture. We can control our surplus position by other means than reducing prices.

In the dairy industry you have a complicated set-up because you have the whole milk producer enjoying prices that range from $4.90 to $5.60 a hundred and on the next farm you have a farmer producing milk for cheese for $2.40 or a farmer producing milk for butter at about the same figure. I hope we can find some way of putting a guaranteed price under all manufactured milk. Maybe that will bring us closer to the pooling of all milk so that everyone in the dairy industry can get a fair return. There are a lot of people in the whole milk business who would not like that. However, I am a whole milk producer myself and I am quite convinced that if we had that type of program the farmers in the whole milk industry today would be getting more money because they would not have the extra surpluses they are dumping into some other product causing other surpluses and their over-all picture would be much better than it is at the present time.

I want to say something about the fruit and vegetable growers because a number of people in my riding are involved. We had

a problem there a few weeks ago in connection with the dumping of raspberries on our market. There are a number of canning factories in my area which were canning raspberries. They had negotiated a price of 28 cents with the producers. I have a telegram I received from these people about a week ago which reads as follows:

—processor gave marketing board till 12 noon today at Brighton to decide to take 22 cents a quart which is below cost of production or they would import balance of pack. This means a reduction of 13 cents from last year.

They were going to import from New York state. The marketing board, rather than lose the opportunity of disposing of the berries, reduced the price to 22 cents. That is not going to result in jam or berries being a cent cheaper to the consumer. The price was negotiated at 28 cents and it is on that basis that the retail price will probably be decided. On the other hand, we cannot blame the processor too much because we allow canned goods to come in from the United States and he has to compete with them. Therefore, in order to compete he must secure his pack as cheaply as he can.

In my riding we have seven canning factories in Prince Edward county that are closed. Many people will say they are closed because they were inefficient. That is not the case. These factories were efficient. When they were Canadian Canners' factories they were efficient but when they were bought by California Packers they were immediately closed and the farmers lost their contracts. Each one of these factories had a payroll of some $200,000. That is gone and these people have nothing else to turn to. I understand that today Canadian Canners are operating two factories east of Toronto and two factories west of Toronto. They are importing whatever they need from California Packers and most of our stores today have the Del Monte brand of canned goods on their shelves. These are some of the things we must try to guard against.

Under the former government we lost many privileges because of the fact that concessions were given to other industries at the expense of agriculture and it is the former government that is responsible for the conditions we have today. It is very difficult for the present government to correct the situation in a short time. At the same time the opposition criticizes higher protection. I think it is up to all of us, whether on the government or opposition side of the house, to take a look at this picture.

It is not a small group that we are trying to protect but part of our agricultural industry. It has increased in size considerably in the last two years. The increased consumption of canned fruits and vegetables in Canada has not resulted in benefits to the producer in this country. The benefit of increased consumption has gone to United States canners who have been able to dump their product in this country.

I discussed this matter some time ago with Mr. West, the assistant United States agricultural attache. We discussed ways and means of correcting the situation and I quite agree that we should sit down with these people and discuss the situation. It is not a case of increasing our tariffs to the extent that we will restrict trade but I think we should sit down with the United States processors and producers and negotiate ways and means of correcting this situation. I understand that the processors over there will have a surplus and some jobber will come along, buy a job lot and then, because the door is wide open, dump it into Canada and make a large profit. That kind of thing is hurting us considerably.

I can remember very well sitting down last year with a delegation in the United States and discussing some of the problems affecting our trade. I think the discussion went a long way in helping to understand the situation. Mr. West mentioned this when I was talking to him not very long ago. That is one suggestion I should like to offer that might help to improve the situation.

A lot of people are criticizing subsidizing everything, but when we take a look at what is happening in every country in the world with which we have to compete we see that the picture is quite different. I have here the newsletter published by the dairy farmers of Canada in which there is reference to the United Kingdom price of butter. Butter in Great Britain is the cheapest it has been in some 30 years and the price of butter in Britain is seriously affecting the New Zealand producer. Why is it affecting the New Zealand producer? The New Zealand producer is affected because Finland is putting her butter into Britain at a much lower price than before. The price of butter in Britain was 32 cents a year ago and now it is down to 23 cents. I should like to read hon. members an extract about the high dairy and poultry export subsidies in Finland.

USDA Foreign Crops and Markets reports that export subsidies paid by the Finnish government for dairy and poultry products—

The Chairman: Order. I regret to interrupt the hon. member but his time has expired.

(Translation):

Mr. Deschatelets: Mr. Chairman, I have a few remarks to offer with regard to agricultural research. If I am not mistaken, the Department of Agriculture has a division with two research services included. The science service is concerned with purely scientific research, where specialists carry out, for instance, research in entomology, to prevent destruction of crops by insects, or on weeds, so as to improve the quality of crops, etc. The experimental farm services is concerned with research in more directly agricultural matters, experts in these fields carrying out research, at experimental farms, on improved methods of production of certain commodities, for instance on the most economical way of producing eggs or milk, soil specialization, etc.

If I understand correctly the annual cost of these two services is $10,000,000 in each case, which is $20,000,000 in all.

I wish to bring to the attention of the Minister of Agriculture (Mr. Harkness) a very important point. I feel that if we are to improve the efficiency of agriculture in this country, in the west as well as in the eastern and central parts of this country, we should at once adjust our research procedure. Let us set up a new co-ordination of existing services and give a new, bold and forward looking impulse to these research services, so as to develop ways to increase the income of the farmer who is now caught in the cost-price squeeze.

I will now proceed to put a few suggestions forward for the benefit of the Minister of Agriculture. These suggestions appear to have a great deal of interest for agriculture in general. However, before doing so, I would like to pay tribute to the former minister of agriculture in the preceding government who has, during his term of office, put into the hands of the farmers of this country production facilities which are without parallel anywhere else in the world.

When we were in power, we had, first of all, to look after the production problems, but we have also established a research system. And I note today that, since the Conservatives have been in power, no improvement has been made to that research system which was an initiative of the Liberal government.

Today, the selling at a loss of our farm products on the world markets is perhaps the most serious problem in Canada. The time has come, I believe, to consider the situation realistically. We should not hesitate a moment to spend millions of dollars more to find, by means of all known scientific methods, the various uses to which our farm products could be put, in addition to ordinary consumption, local and foreign.

Only scientific research applied to our agricultural products under new forms, could, in my opinion, considerably contribute to increase our agricultural production. The day is coming, and very rapidly—and I believe we should hasten the coming of that day—where industry will become the greatest consumer of our agricultural products.

Thanks to scientific research, Mr. Chairman, there is no limit to our hopes. However, when we consider our achievements in this field, compared to what is being done in some foreign countries where production is similar to ours, we have to admit that we are lagging behind. It is interesting to consider what the United States are achieving in this field.

I should like here to quote an extract from the *Manitoba Co-Operator* of November 21, 1957. It is from an editorial entitled:

(Text):

AGRICULTURAL RESEARCH

Some months ago the United States Department of Agriculture announced its decision to increase its agricultural research budget to $50 million, an announcement welcomed by agriculture and industry alike, but one greeted in some quarters by criticism that the amount was too small and nearly twenty years too late.

The article proceeds further, talks about larger crops and surpluses and then continues as follows:

These mounting surpluses in both Canada and the United States point to the very great need for increased research, to find new uses for farm products. As one United States research worker points out "Science has given agriculture an almost limitless productive capacity, and therewith one of its biggest problems—control or utilization of surplus production. At the same time, it is on its way to solving that problem by finding not only new uses for agriculture products, but new farm crops that will be used only in industry".

Progress reported.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I ask the government leader what the business is for Friday and Saturday? Also, could he project his mind forward to Monday as well?

Mr. Green: Tomorrow we shall continue with the Department of Agriculture estimates. When they have been passed, we shall take

the estimates of the Department of Veterans Affairs and of the Department of Justice. This procedure will apply for Saturday as well.

Mr. Harkness: I will not be here on Saturday.

Mr. Chevrier: You are not very hopeful.

Mr. Harkness: It is not a matter of not being hopeful.

Mr. Green: On Monday we intend to move to go into supply. That will be the sixth and final supply motion. Earlier on Monday we plan to move that, commencing on Monday, August 11, the house will sit at 11 a.m. instead of at 2.30 p.m. on each day of the week and that Mondays, commencing with that day, will be devoted to government business.

Mr. Chevrier: Will the government be giving any consideration, within the next two days, to the bill which was sent today to the veterans affairs committee, namely the one having to do with the Children of War Dead (Education Assistance) Act? I understood that was coming back tomorrow or Saturday.

Mr. Green: There will be three bills dealing with veterans affairs. I expect they will all be taken on the same day but I am not yet in a position to say what day that will be.

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

ANSWERS TO QUESTIONS

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

ARMED FORCES, FOREIGN SERVICE—FAMILY INCOME REDUCTIONS

Question No. 147—**Mr. Carter:**

1. With respect to families of the following ranks: brigadier, lieutenant colonel, sergeant, private (a) with wife and three children; (b) with wife and five children, what is the net reduction in family income, during a four year tour of service outside Canada due to loss of family allowance after adjustment for any tax saving?

2. What is the average reduction in family income in each case?

Answer by: **Hon. G. R. Pearkes (Minister of National Defence):**

1. Under the Family Allowances Act, administered by the Department of National Health and Welfare, family allowances are not payable to children residing outside of Canada. The loss of income would depend on the age of the children and the total income, including any income from sources other than employment in the forces. It is not possible, therefore, to provide a specific answer with respect to loss of income for each of the cases listed.

2. Foreign allowances and living allowances paid to servicemen overseas would in the majority of cases exceed any reduction in family income due to discontinuance of family allowances while the children reside outside of Canada.

Questions

R.C.A.F. CRASH, JUNIPER, N.B., 1939

Question No. 165—**Mr. Bell (Saint John-Albert):**

1. Has an official investigation been conducted into the recently discovered wreckage of a small Royal Canadian Air Force aircraft near Juniper, New Brunswick, believed crashed on September 14, 1939, an a flight from Megantic, Quebec, to Sydney, Nova Scotia?

2. If so, what is the official report of this investigation?

Answer by: **Hon. G. R. Pearkes (Minister of National Defence):**

1. Yes.

2. Following a report of the sighting of a wrecked aircraft on July 9, 1958, an investigation was conducted by personnel of the R.C.M.P. and the R.C.M.P. It was established that the wreckage was Northrop Delta aircraft 673 which apparenty crashed on September 14, 1939, 40 miles from Fredericton, N.B.

Investigating officers have conducted a thorough ground search of the surrounding area and they have located a number of items which indicate that the crew, WOI Doan and Cpl. Rennie perished with the aircraft.

It is not considered that any useful purpose would be served by a further technical investigation into the cause of this accident because of the long interval, the condition of the wreckage and the lack of information on the flight.

HOUSE OF COMMONS

Friday, August 1, 1958

The house met at eleven o'clock.

MISCELLANEOUS PRIVATE BILLS

Eighth report of standing committee on miscellaneous private bills.—Mr. McCleave.

DOMINION-PROVINCIAL RELATIONS

NEWFOUNDLAND—IMPLEMENTATION OF REPORT OF ROYAL COMMISSION ON REVISION OF TERMS OF UNION

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, as action is required to complete the confederation agreement, can the Prime Minister advise the house if the government proposes, at an early date, to implement the report of the royal commission on the terms of union with Newfoundland?

Right Hon. J. G. Diefenbaker (Prime Minister): The report in question is being given very careful examination and study at the present time. Just as soon as the government is in a position to report the house will be advised.

THE CANADIAN ECONOMY

ROYAL COMMISSION ON ENERGY—REQUEST FOR INTERIM REPORT ON OIL AND GAS

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, may I direct a question to the Prime Minister. Can the Prime Minister give the house any idea when he expects the interim report of the Borden commission to be presented to the government dealing with petroleum and natural gas?

Right Hon. J. G. Diefenbaker (Prime Minister): I am sorry, Mr. Speaker, but I have no definite information in this regard. As I stated the other day, the Borden commission adjourned with a view to giving consideration to and making an interim report. However, I will communicate with the chairman at once with a view to ascertaining the approximate date when that interim report will be ready.

Mr. A. R. Smith (Calgary South): Mr. Speaker, I wonder if I might ask a supplementary question coupled with a suggestion. There is every possibility, we are led to believe, that an interim report might be made available on natural gas in advance of the report on the marketing of petroleum products. Perhaps that suggestion could be contained in the request as well.

Mr. Diefenbaker: Mr. Speaker, the suggestion of the hon. gentleman will be brought to the attention of the chairman of the commission.

(Translation):

COMBINES INVESTIGATION ACT

PULPWOOD—INQUIRY AS TO PRICE-FIXING BY COMPANIES

On the orders of the day:

Mr. Rodolphe Leduc (Gatineau): Mr. Speaker, I would like to put a question to the Minister of Justice (Mr. Fulton).

Does the Minister of Justice intend to proceed against the companies found guilty of price fixing in respect of pulpwood, as indicated in the report of the commission on restrictive trade practices with regard to the purchase of pulpwood bought from farmers or settlers in certain areas of eastern Canada?

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, I thank the hon. member for having given me notice of this question. In answer I will state that this case has already been referred to Quebec lawyers who have been instructed to institute legal proceedings unless, in preparing the case, they should arrive at the conclusion that the evidence is insufficient.

(Text):

POST OFFICE DEPARTMENT

DIRECTIVE RESPECTING PART-TIME OUTSIDE WORK

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Postmaster General. Has the Postmaster General issued a directive asking post office employees to report on their part-time work in outside jobs, and do postal employees wishing to engage in outside part-time work have to first obtain permission to do so from the postmaster or any other official of the Post Office Department?

Inquiries of the Ministry

Hon. W. M. Hamilton (Postmaster General): Mr. Speaker, I thank the hon. member for giving me notice of this question. No such directive has been issued by this Postmaster General. However, in 1951 such a directive was issued under the authority of the deputy postmaster general, and it was repeated in 1956 by one of the senior officials of the department. In each case it referred specifically to staff offices, that is those where the entire staff comes under the control of the civil service commission. The directive was not sent to the semi-staff or revenue offices which are smaller in size.

FABRE STATION, QUE.—PROTEST RESPECTING CLOSING OF POST OFFICE

On the orders of the day:

Mr. Alexis Caron (Hull): May I direct a question to the Postmaster General. Can the Postmaster General tell the house if he has received a petition signed by the majority of residents of Fabre Station protesting against the closing of the post office, which had been in existence for 33 years?

Hon. W. M. Hamilton (Postmaster General): I will be glad to look into the matter and give the hon. member an answer next week.

POWER

COLUMBIA RIVER—REPORTED CONFERENCE ON DISPOSITION OF DOWNSTREAM BENEFITS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the Prime Minister. Has the Prime Minister's attention been drawn to a Canadian Press dispatch from Victoria dated yesterday to the effect that Premier Bennett proposed a meeting of himself, the Prime Minister of Canada and President Eisenhower to speed development of the Columbia river? While the procedure indicated by Premier Bennett appears somewhat irregular and unusual, would the Prime Minister care to comment on Premier Bennett's proposal for a North American summit meeting to deal with the problem of downstream benefits related to the development of the water resources of the Columbia valley, in order to arrive at the plateau of mutual understanding?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I think I will give a more serious answer to this question than the wording would suggest I should. In so far as our relations with other countries are concerned, those relations are conducted as between the Department of External Affairs or other departments of government and the government of the other country. Any representations that the premier of British Columbia has to offer will, of course, receive the fullest consideration, as we desire at all times to co-operate fully with any province directly affected in respect of any matter that comes under the responsibility of the national government. Further than that I cannot go at this time.

TRANSPORT

SHERBROOKE, QUE.—STATEMENT ON REPORTED FEDERAL ASSISTANCE IN CONSTRUCTION OF UNDERPASS

On the orders of the day:

Hon. George H. Hees (Minister of Transport): Mr. Speaker, yesterday in my absence the hon. member for Drummond-Arthabaska asked whether or not I had given an assurance to the municipality of Sherbrooke that an underpass would be built. When the mayor and members of the council of Sherbrooke were here they did not see me; they had an interview with the chairman of the board of transport commissioners about this matter, and I understand from the board that everything possible will be done to work out a mutually satisfactory solution to this problem.

CANADIAN NATIONAL STEAMSHIPS

STATEMENT ON REQUEST FOR RECONSIDERATION OF SALE AND SETTLEMENT OF STRIKE

On the orders of the day:

Hon. George H. Hees (Minister of Transport): Yesterday the hon. member for Gloucester asked the following question:

> What action has been taken by the government following the recent request of the Halifax board of trade, . . . urging the federal government to reconsider its decision to sell the Canadian National (West Indies) Steamships fleet, and also to end the seafarers' international union strike which began nearly a year ago and to return the ships to service?

All possible methods of dealing with the situation were considered at great length by both the management of the company and by the government before the decision to dispose of the ships was reached. In the circumstances I do not believe there is anything I can usefully add to what has been stated previously on this matter.

SUGGESTED TRANSFER TO FEDERATION OF WEST INDIES

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I wonder if I could ask the Prime Minister if the government has given any consideration to the suggestion put

forward on the estimates of the Minister of Trade and Commerce and on another occasion in the house that Canadian National (West Indies) Steamships might be transferred under some lend-lease arrangement to the Federation of the West Indies?

Right Hon. J. G. Diefenbaker (Prime Minister): No consideration has been given to that suggestion, Mr. Speaker.

BRIDGES

MONTREAL—STATEMENT ON CONSTRUCTION OF THIRD BRIDGE

On the orders of the day:

Hon. George H. Hees (Minister of Transport): Mr. Speaker, yesterday the hon. member for Papineau asked me the following question:

—whether the minister has recently received representations requesting the implementation of the decision taken by the previous administration to build a third bridge over the St. Lawrence river, in the east end of Montreal?

I have not been able to find any record of a decision by the previous administration to build a third bridge over the St. Lawrence river in the east end of Montreal. Various representations relating to this subject have been received from time to time and the matter, of course, will be kept under review.

WELLAND CANAL—STATEMENT ON FEDERAL CONTRIBUTION

On the orders of the day:

Hon. George H. Hees (Minister of Transport): Mr. Speaker, yesterday the hon member for Welland asked me the following question:

Is it the intention of this government to make any contribution toward the cost of the proposed three overhead bridges to be built by the Ontario government over the Welland ship canal at Homer, at Welland and at Port Colborne, as reported in today's Toronto *Globe and Mail*? Also, are tolls to be charged on those bridges?

I have no knowledge of plans for the construction of the three bridges concerned over the Welland ship canal by the Ontario government, other than the announcement on this subject which was contained in the daily press recently. I am not, therefore, in a position to give the hon. member any further information in this regard.

TRADE

NAFEL—ANNOUNCEMENT OF WITHDRAWAL OF SPECIAL PERMITS

On the orders of the day:

Mr. C. W. Carter (Burin-Burgeo): Mr. Speaker, may I address a question to the Minister of Trade and Commerce. Is the minister contemplating any early announcement with respect to withdrawal of special permits from NAFEL?

Hon. Gordon Churchill (Minister of Trade and Commerce): Yes, Mr. Speaker. I arrived a minute late. May I have permission to revert to motions in order to make this announcement?

Mr. Speaker: Has the minister permission to revert to motions?

Some hon. Members: Agreed.

Mr. Churchill: Under the terms of union of Newfoundland with Canada the statutes relating to the marketing of Newfoundland salt fish were to remain in effect for a period of five years from the date of union. Under this arrangement the exclusive right to market salt fish, including export to the mainland, was given to the Newfoundland Associated Fish Exporters Limited. This was continued without change for five years.

In the spring of 1954 an extension of three years was granted to the Newfoundland Associated Fish Exporters Limited, with the modification that export permits for wet salted fish were to be issued freely for movement to the Canadian mainland and the continental United States. This arrangement was extended on a temporary basis.

The exclusive right to export the products of a single province has no counterpart in the administration of the fisheries of any other province. However, it has been recognized by the government of Canada that a suitable period of time was desirable in which to effect a transfer to the normal practice of marketing. As nine years have now elapsed since union, one more year is considered ample for the completion of the transition. Therefore, the government has decided that the exclusive right of export held by the Newfoundland Associated Fish Exporters Limited shall terminate on July 31, 1959.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I wonder whether I can ask the minister—I recognize there was no constitutional obligation—if in fact there was any consultation with the government of Newfoundland before this step was decided upon?

Mr. Churchill: Oh, yes, Mr. Speaker, I had a very useful conversation with the minister of fisheries of the province of Newfoundland some time ago.

Inquiries of the Ministry

SHIPPING

REFERENCE TO SALE OF "QUEEN OF THE NORTH"

On the orders of the day:

Mr. Frank Howard (Skeena): I should like to direct a question to the Minister of Transport of which notice has been given to him. In view of the fact that the C.P.R. has sold its ship, *Queen of the North,* will the minister indicate what is the position of the C.P.R. and of Northland Navigation Limited, the purchaser of the ship, with respect to the subvention which originally was being paid to the C.P.R. for certain up-coast runs?

Hon. George H. Hees (Minister of Transport): Although the hon. member says he sent me notice, unfortunately it has not reached me yet. Consequently I will look into the matter and give an answer on Monday.

IMMIGRATION

HUNGARIAN REFUGEES—STATEMENT ON REPORTED DECISION TO ADMIT ADDITIONAL 1,000

On the orders of the day:

Hon. E. D. Fulton (Acting Minister of Citizenship and Immigration): Mr. Speaker, yesterday the hon. member for Bonavista-Twillingate asked three questions with regard to Hungarian refugees. I took the questions as notice in the absence of the Minister of Citizenship and Immigration and said I would bring them to her attention for an early reply. I should explain that the minister is away today as the minister of the federal government in attendance on Her Royal Highness Princess Margaret, and in view of her continued absence I should perhaps give the answer now.

The first question related to the number of Hungarian refugees coming over to Canada this year, and I can advise the hon. gentleman that 1,100 is the correct figure. The second question asked for the number of Hungarian refugees in Canada seeking employment who are still unemployed and being cared for by the department, and also how many of those who came here have returned.

The answer is that according to the records of the immigration branch, on July 25, 1958, there were 151 Hungarian refugee workers unemployed and on the same date the branch was providing subsistence to 500 Hungarian refugees. The 500 figure includes the 151 workers already mentioned. In answer to the last part of the question, 449 Hungarian refugees are known to the department as having left Canada.

[Mr. Churchill.]

EXTERNAL AFFAIRS

IRAQ—INQUIRY AS TO RECOGNITION OF NEW GOVERNMENT

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): May I ask the Secretary of State for External Affairs whether any decision has yet been reached by the government with regard to the recognition of the government of Iraq?

Hon. Sidney E. Smith (Secretary of State for External Affairs): Mr. Speaker, I should like to make a statement later in the day with respect to that matter.

FISHERIES

REPORTED AGREEMENT BY JAPAN TO MOVE FISHING BOUNDARIES

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, the other day I directed a question to the Minister of Fisheries with respect to Japan's fishing boundaries in the Pacific. I wonder whether the minister has had a chance since that time to inquire as to the authenticity of the report and whether what is indicated therein has in fact happened?

Hon. J. A. MacLean (Minister of Fisheries): There has been no change in the tripartite agreement among Japan, the United States and Canada with regard to the north Pacific fisheries. However, we are aware of the fact that the industry in Japan have apparently undertaken to place further restrictions on their own activities, greater restrictions than required by the convention. We presume this is on a temporary basis.

SUPPLY

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

DEPARTMENT OF AGRICULTURE

Administration service—

1. Departmental administration, including advisory committee on agricultural services, $674,164.

The Chairman: Shall the item carry?

Some hon. Members: Agreed.

Item agreed to.

(Translation):

Mr. Deschatelets: When I adjourned the debate yesterday evening, I had mentioned the fact that we do not give our agricultural research services the leadership and scope we

should. I had also pointed out that in 1957 the United States had spent $50,000,000 on such services, an amount which has been found inadequate by several American commentators who have dealt with the matter.

Some time ago I read that no European country had done more than France, since the end of the last war, to apply specialization and scientific methods to the various aspects of its agriculture. We are told that the remarkable economic recovery of Europe has an intimate relationship with that research work.

Over the last few years, northern European countries not only have considerably increased their areas under wheat, barley or oats, but have found new consumer uses for their agricultural surpluses.

Those are the reasons for our surplus problems, and I suggest that, unless immediate development facilities are made available to our research services, a few years hence we will be unable to dispose of our surpluses.

When from time to time the Minister of Trade and Commerce (Mr. Churchill) tells us that Canada has sold or has given large quantities of our farm surpluses to underdeveloped countries, either on the basis of a long term loan or as a grant under the Colombo plan, we welcome the news. But, there again, it provides merely temporary relief to our difficulties.

In Pakistan and in India I had the opportunity to inspect huge dams which, in 10, 15 or 20 years, through irrigation of lands which are now marginal, will yield a large crop of grains, and it could be that, by that time, those countries will give us stiff competition on the world markets.

Therefore, through scientific research, we should find new uses for our farm products. Science is now finding the answer to the problem of the use of farm surpluses. Let us follow suit in this field. We already have a first-rate research bureau, and it is up to us to give it the necessary leadership.

Accordingly, we on this side of the house, feel that the government should immediately implement a vigorous program of scientific research, and if we were in power today, we would set up, starting this very year, a large scale research organization.

We also believe that our government experts and specialists should have much more frequent contacts and exchanges with their counterparts abroad, so that the latest methods available be applied without delay.

We also believe that on a strictly federal-provincial basis, conferences should be frequently called with experts and specialists from the provincial governments so that all the provinces could have access to recent information and use it.

I do my best to keep abreast of problems which our farmers and producers have to face. I think our approach to those problems should be altogether different. Canadian agriculture should be reformed from top to bottom.

The Liberal party is a party of reform. At present, all it can do is to point out the facts to the government and make some suggestions as to policy. But the day will come when we shall put before the farmers and rural producers of our country a bold, original, new and revolutionary program of farm reform, and our friends from the western provinces certainly shall return to us much sooner than hon. gentlemen opposite think they will, and no doubt in far greater strength than they imagine.

In conclusion, Mr. Chairman, I shall mention that I read with great interest the long list of election promises made by the Minister of Agriculture throughout the country during his last campaign. He has about promised everything, except that he ignored the most important field, that of research. This is an indication that he doesn't appreciate its real significance.

In any case we called his attention to this field, and during the next session, we shall not forget to ask about the progress, if any, made in this field.

Mr. Boulanger: Mr. Chairman, as they see me rise this morning, a number of hon. members may think I will bother to answer the speech delivered by the member for Joliette-L'Assomption-Montcalm (Mr. Pigeon). Let them have no worry on this account. I will certainly not give any publicity to a speech which is hardly worth it.

I am happy to have the opportunity of taking part in a debate on the work done by the Department of Agriculture.

In talking of Canadian agriculture, I know only too well that I shall be speaking of that sector of our population which constitutes the main element of stability in our economy, which offers the best talents that a nation can be endowed with, and whose right-minded philosophy and understanding

of things have always shown that it remains the country's main strength.

I have carefully read the speech made by the Minister of Agriculture when his estimates were brought down. With all due deference, I must say that I was not greatly impressed by the minister's eloquence. And I believe that my impression is shared by the overwhelming majority of Canadian farmers who have read this speech.

As indicated on page 2074 of *Hansard*, this is what the minister said:

> The farm situation has improved steadily in late 1957 and 1958, to a considerable extent I think since this government came into office and instituted new policies in connection with agriculture.

On the following page, the minister returned to the attack, in the following terms:

> As I have said, I think a great deal of the improvement has been as the result of policies followed by this government, including the introduction of the Agricultural Stabilization Act.

The minister thinks highly of the Agricultural Stabilization Act. I would like to have the time to show in detail that, up to now, the application of this act is far from having provided the farmers with the great advantages which the minister boasts of; but I shall touch briefly on this during my remarks. For the moment I will simply say that for all the minister's bragging, the few minor successes which he has achieved are due, in the overwhelming majority of cases, to the implementation of acts passed by the Liberal government, and to the fulfilment of the program which the Liberals launched when they were in office.

Mr. Chairman, in speaking of Canadian agriculture, some facts must be analysed if one is to grasp the complexity of the country's agricultural problems.

Thus, out of 623,000 farms in Canada, we find that the average area of farms in Newfoundland, in 1951, was 23 acres, whereas it was 527 acres in Alberta, and 550 in Saskatchewan.

Then there is the problem of our farms on the southern and south-eastern coasts of Nova Scotia, of Cape Breton, and of the centre and the northeast of New Brunswick, as well as the farms of the Gaspe district and northern Quebec and Ontario, which provide a meagre livelihood for their owners.

There is a world of difference between many of these farmers who sell $500 worth of produce and who have to eke out a living by taking on outside work and the farmers on the outskirts of large cities where milk is sold at $4 per cwt., or the western farmers who own a half section or a full section of land.

[Mr. Boulanger.]

The same difference exists between the young farmer—even if he has obtained a farm loan—who starts off in northern Quebec and Ontario and the one who has a flock of 100,000 to 200,000 fowl and who is near thickly populated centres which offer a ready market for his produce.

The farmers do, however, still have one thing in common. That is the interest they have in the income they obtain from their work, and their attitude of looking upon their work as a professional calling rather than a way of life.

With the ever increasing commercialization of agriculture, a whole array of problems arise which affect both domestic and foreign markets.

Several factors bring their influence to bear on the domestic markets, and the prices of agricultural products depend on such factors as the weather, diseases of plants and livestock, outbreaks of contagious diseases and other factors, resulting in unpredictable fluctuations in the rythm of production and the prices of some foodstuffs.

While these factors are not the only ones which affect the income of farmers, the fact remains that, unlike his counterpart in industry, the farmer does not have a steady income year in and year out.

The impact of foreign markets is another factor which has a great deal of influence upon stability in agriculture and the country's economy as a whole. Actually, Canada exports a wide range of agricultural products, including cereals, potatoes, grass seeds, tobacco, apples and livestock products consisting almost exclusively of beef, pork, bacon and cheese. Of all the products, the most important is wheat. For quite some time, Canada has been exporting 60 per cent of her overall production, i.e. 300 million bushels annually.

It is easy to understand the difficult position in which a country finds itself, in the face of ever increasing competition from other countries which want to corner the world market—sometimes in a way which seems to us like hitting below the belt.

But these are not the matters I intend to deal with today, my aim is rather to deal with the agricultural program which we shall have to work out to meet the ever-growing need for food products.

These needs are unequivocally illustrated in the report on an inquiry into the progress and the prospect of agriculture in Canada.

This shows that in the future, the available individual income will have risen by an average of approximately 18 per cent by 1965, and 70 per cent by 1980. This increased buying power will be accompanied by a population increase resulting from the birth rate and controlled immigration. We see from the report that the index of the volume of over-all production should rise to 232, based on an index of 100 for the period 1935-39. The most significant increase will be in production of livestock and livestock products, which will reach an index of 265. How will the country meet the need?

Assuming that the increase in the acreage of cultivated land will be offset by the transfer of land from agricultural use to industrial and housing uses, the area will not rise in proportion with the increase in the demand for foodstuffs. The Gordon report forecasts that, by 1980, the cultivated area will be 176 million acres compared with 174 million obtaining today. From this we must conclude that these needs will be met mainly by a more rational use of land and by the adoption of a progressive agricultural policy, worked out and carried out to encourage our farmers and enable them to draw the same benefits from our country's wealth as people in other callings.

Mr. Chairman, there are several ways of increasing soil productivity, and I do not wish to dwell upon the technical details of production and soil improvement. Usually, a well-balanced agricultural policy like the one we had during the 22 years of Liberal administration gives good results in that respect.

That does not mean that changes are not called for. Never did our legislation require amending more than it does today, and it is precisely because of that fact that the Liberal government, in 1955, appointed a commission to make an inquiry into the country's agricultural progress and prospects. The commission brought down its report in 1957, and its findings should be used as the basis for making the changes which are necessary. The Liberal party understood this, and that is why novel concepts for agriculture were outlined to Canadians during the last election campaign. As for the Conservative party, it made a few vague promises whose implementation seems conspicuous by its absence. Just because the government enacted their Price Stabilization Act, they think they have found the solution to all the problems of agriculture. Although this act does not usher in any improvement on the Price Support Act adopted by the Liberals, it was nonetheless as necessary as that act.

This act—a frequent subject of controversy during the last session—is still being widely criticized. It does not answer the need which gave rise to it. All you have to do to realize this is to look through the preamble, which reads as follows:

> In order to assist the industry of agriculture to realize fair returns for its labour and investment, and to maintain a fair relationship between prices received by farmers and the costs of the goods and services that they buy, thus to provide farmers with a fair share of the national income;—

This preamble looks fine on paper; but, for all practical purposes, what does it mean for the farmer. For many, it is a disappointment.

I have already informed the house of the meaning of this act for producers of milk intended for the manufacture of milk powder. I said then that the farmers got 10 cents less per cwt. of milk. I repeat at this time that in the province of Quebec farmers have been getting 10 cents less per cwt. since that legislation has been enacted. Moreover, manufacturers have lost $200,000 on the stocks they had on hand when the minister decided to lower the price. The price of milk in most Quebec areas as well as in the maritimes and in northern Ontario where milk powder is manufactured ranges from $2.75 to $2.80 per hundredweight. I may say that in the province of Quebec milk sells for $2.79 per cwt., whereas last year it was selling for $2.90.

An hon. Member: How do you know?

Mr. Boulanger: Does the hon. member wish to put a question?

An hon. Member: No, he is putting a question to himself.

Mr. Boulanger: Although this act was a temporary one when it was passed in 1945, it seems to achieve the aim of the Conservative government in agricultural matters.

An appropriate policy would be one based on full understanding of an economic principle not dissimilar from the one which applies in industry.

This principle, in agriculture, implies getting the most from a given acreage with a minimum of effort and expense.

The government must always strive to translate this principle into reality in formulating its agriculture legislation.

(Text):

Mr. Chairman, I should like to continue my remarks in English because I want to be sure the Minister of Agriculture will understand what I have to say about the program I wish to submit to the government.

Mr. Ricard: He understands French also.

Mr. Boulanger: I wish to make some suggestions which I am convinced would improve the lot of farmers, especially those who are in the low income group, if only the government would consent to putting my proposals into practice. This program could be implemented in two stages, the first in the immediate future and the second as opportunities arise. In this way the implementation would be simply a matter of time.

The first suggestion I wish to make which could be implemented immediately concerns the necessity of increasing the income of farmers in the eastern provinces and in northern Ontario and Quebec. As we are aware, the farmers of those regions produce chiefly milk, potatoes, tobacco and other crops of lesser importance. I do not wish to be repetitious in referring to the level of income of farmers, so, I shall merely say that in 1950 out of the 623,000 Canadian farms, 387,000 were selling products worth $2,500 or less, the average being $984. I might add that 80 per cent of the farm products came from 236,000 farms and 20 per cent came from the remaining 387,000. Nobody can establish that some of the farmers of the areas I have mentioned are not included in those 387,000 farms.

It is an established fact that in the east we could appreciably increase the yield of the harvest by the rational use of chemical fertilizers. A number of experiments have been carried out by the experimental farms and by the universities. Here is what one of our great specialists said. Mr. S. Chagnon, assistant deputy minister of the Department of Agriculture, several months ago wrote the following comment:

> Once again our farmers claim that the cost of fertilizers is too high. Yet the work carried out on the experimental farms has shown that every dollar's worth of chemical fertilizers applied to pastures brings in $3.00 to $5.00 worth in the form of milk production. Although we have invested on our farms non-productive capital at a lightning pace, we have neglected to invest productive capital such as chemical or commercial fertilizers. It is most important to turn to a more intensive use of chemical fertilizers.

Dr. Ernest Mercier, superintendent of the Lennoxville experimental farm, says for his part:

> Every dollar invested in chemical fertilizers applied to pastures brings in $2.00 to $4.00 in the form of beef.
>
> Chemical fertilizers are complementary to manure and are indispensable to the maintenance of mineral balance. Chemical fertilizers are the best capital investment that the farmer can make.

An experiment was made by the New York state experimental farm to compare the production cost of one ton of milk by herds receiving various feeds and the cost was seen to be as follows: $12.10 when the animals were on pasture; $17.05 when they were fed corn silage; $25.35 when they were fed locally produced grain, and $34 when they were fed grain imported from the west.

I hope I have given a sufficiently comprehensive account of the experiments which have been carried out to prove the necessity of using chemical fertilizers, and the Minister of Agriculture should study the possibility of increasing their use by all possible means. One method which was used with success in the province of Quebec at a time when the province had a minister of agriculture who was interested more in agriculture than in electoralism was to grant a subsidy on every ton of chemical fertilizers purchased, in order to improve pastures. Another method would be to grant a certain quantity of fertilizer to the farmers for every milk cow they had on their farms. The money which the implementation of such a program would cost would be negligible because the program would increase production and, indirectly, lower the production cost of milk.

We of the province of Quebec and of the entire eastern part of the country consider these requirements to be justified to compensate for the loss caused to milk producers by the Minister of Agriculture when he brought down the support price of powdered skim milk by 2 cents a pound.

Another suggestion I wish to make to the Minister of Agriculture is that a special board be entrusted with the administration and implementation of the Agricultural Stabilization Act. I will not claim credit for this proposal, for it is set forth clearly in the report of the Gordon commission in the following terms:

> This is an undertaking of such importance and delicacy that, in our opinion, it should be entrusted to a board of full-time members who would be relieved of other duties so that they could concentrate on anticipating the occurrence of emergency conditions and on determining the effects of particular prices on production and incomes.
>
> In addition to recommending the level at which the prices of particular farm commodities might be supported from time to time, such a board might be left free to recommend also how this should be done. In general, two methods are available: the government can either purchase agricultural commodities when the prices fall below the stated support level, or it can allow farmers to dispose of their products at the prevailing market prices even though these may be below the support level,

and then make up the difference with deficiency payments. The latter procedure would avoid the difficulties in which the government would otherwise be involved in selling, storing, and disposing of surplus commodities. It would also have the advantage of letting the producer see the return that his products would bring him in a free market; and this knowledge might be expected to lead to a more realistic pattern of production. In our opinion, however, it is not possible to say that deficiency payments in all circumstances are to be preferred to direct price support; and an advisory judgment on this point, as well as on the level of support, might well be sought in each particular case from the board. Finally, we are convinced that neither the government nor the board in administering the price support program should be bound by any automatic formulae.

The prices stabilization board, which could be entrusted with finding new outlets for our products, would be able to perform much more valuable work than that done so far for the farmers by the adoption of the Agricultural Stabilization Act introduced in the house last January.

Since the Conservative government came to power, Mr. Chairman, the conditions of agriculture in general have been maintained due mainly to the commendable acts passed during the Liberal regime. In his speech on July 9 the minister stated that the improvement which has occurred arises out of the program adopted by the government, namely the adoption of the Agricultural Stabilization Act. I have shown that this act has had some very paltry results; that it has even brought about a loss for the skim milk producer. As for agricultural products, the prices of which have been stabilized, the minister knows as well as I do about the discontent which exists among so many producers.

Therefore we are far from the realization of the promises which the Minister of Agriculture, anxious to obtain votes in the province of Quebec, dangled in front of the farmers in a statement to the annual convention of the Canadian Federation of Agriculture in Montreal, reported in *Le Devoir* of January 30, 1958. The minister stated:

I am at present studying the possibility of setting up a form of insurance which would protect the farmers against calamity, floods, hail or drought.

The Chairman: Order. I regret to interrupt the hon. member but his time has expired. Shall the resolution carry?

Mr. Roberge: Mr. Chairman, perhaps some hon. members, including the minister, will be surprised to see a lawyer by profession rise at this time and speak on agriculture. Last night we had a very good example of what a lawyer can do. I will try to do the same as he did.

It has been said that lawyers should know everything. I do not agree with that statement, but I do say that like any other citizen in this country or anywhere else, a lawyer has to try to learn something about almost everything, and this is what I tried to do about agriculture.

Sir, I would like to take this opportunity on the first item of the Department of Agriculture estimates to make a few remarks about agricultural problems and also to offer some suggestions which, if studied and implemented, would in my opinion be of some assistance to some of the farmers of our country.

(Translation):

During the few remarks I made in the debate on the address in reply to the speech from the throne, Mr. Chairman, I had the opportunity of speaking about employment, unemployment insurance and also on certain angles of education. However, I did not, at that time, mention any matter connected with farming. I therefore think I am justified to do so now.

As the minister knows, no doubt, I represent a semi-urban and semi-rural riding. As a matter of fact, there are three towns in my riding; all the rest consist in rural municipalities where a number of farmers try somehow to subsist and make both ends meet.

As everybody knows, our farmers in the province of Quebec, like in every other province of this country, work 16 to 18 hours a day when weather permits, and more especially in spring, summer and fall.

We might wonder whether our farmers in any area get a fair and equitable return for their labour. We should not forget that, in Canada, farming is mainly a family concern. The farm is a fundamental economic unit; and it is a sound one. But we should also keep in mind that farming is, to a certain extent, about to lose its character of a family concern in order to become a real industry.

I think that the government, in whom the voters showed their confidence on March 31 last, should concentrate on this problem and realize that the farms of our country might cease to be an economic family unit in order actually to become an agricultural industry.

It is up to this government, which has now assumed the responsibility of this country's business, to consider the situation and do whatever is required to protect our family industry and also to see to it that this farm industry develops at the same pace as other industries in this country.

The Liberal party had, in this matter, advocated a program which would have the

advantage of preserving the family character of farming, while providing for its expansion as an industry. Thus, during the last election campaign, we had undertaken to administer a new and bold program with a view to bettering the lot of our farm population in co-operation with the provinces.

Mr. Tremblay: It is a bit late now.

Mr. Roberge: With this aim in mind, we said that farmers, and particularly young farmers, should obtain the credit they need, i.e. long term credit to help finance the purchase of a farm and to make permanent improvements, as well as medium term credit for the purchase of farm animals and farm machinery.

Such, Mr. Chairman, was part of the program set up by the Liberal party with regard to farming. I sincerely believe that this program—I mean the setting up of this farm development bank—would have, as I said, the advantage of protecting the family character of our agriculture and, at the same time, provide for its development as a farming industry.

There is, Mr. Chairman, a particular subject I would like to deal with this morning. It was already mentioned last night by my friend, the hon. member for Beauce (Mr. Racine), and some hon. members have heard about it during previous sessions: I mean the problem of maple products. You know, Mr. Chairman, and I do not doubt that the Minister of Agriculture is also aware of the fact, that the maple product industry is of great importance to farmers in the province of Quebec. I should add that is also a significant part of farming development for the rural population in my riding of Megantic.

The hon. member for Beauce said last night that his riding was the main producer of maple products in the province of Quebec and, therefore, in the whole country. I might add that, according to statistics supplied by the agricultural division of the bureau of statistics of the department of industry and trade of the province of Quebec, the riding of Megantic is the second largest producer of maple products.

In 1951, Megantic had 2,497 occupied farms, including 1,332 reported to turn out maple products. In 1951, the number of suspended buckets was 1,823,602 i.e. an average of 1,369 buckets on each farm. The total production of maple syrup was 194,082 gallons in 1951, while the production sold or to be sold reached 170,598 gallons.

As to the total value sold or to be sold in 1951, it amounted, in my riding only, to $544,747 and the total value of maple product also for my riding only, reached $728,484. I am speaking of the riding of Megantic in its provincial boundaries, because the hon. Minister of Agriculture certainly knows that my riding of Megantic also includes part of the riding of Wolfe and part of the riding of Frontenac on a provincial basis. In the constituency of Frontenac, the value of maple products in 1951 was $495,778 whereas, for the constituency of Wolfe, it was $130,508.

It is impossible to obtain accurate data for those parts of the constituency of Megantic, since those statistics are strictly provincial.

Last year the attention of the government was directed to the maple products situation in the province of Quebec as in Canada as a whole, that is including parts of Ontario, New Brunswick and Nova Scotia. This was done by members for the province of Quebec, notably by the hon. member for Dorchester (Mr. Landry) and by the hon. member for Bellechasse (Mr. Laflamme). I believe and suggest that the hon. members representing those constituencies should consider those problems and make constructive suggestions, instead of spending their time commending government action, without knowing whether that action can be of any help to our people.

The Liberal government had recognized the importance of maple products, the oldest industry in the province of Quebec, and indeed in the whole country. Besides, that was the opinion expressed by the hon. senator Cyrille Vaillancourt in 1955. The Liberal government of the time had introduced subsidies to allow the exchange of sap buckets, because those buckets were then considered unsanitary, and their continued use might have harmed our export markets.

Here is, Mr. Chairman, what the hon. member for Portneuf, Dr. Pierre Gauthier, had to say on May 2, 1955, as found on page 3343 of the official report of the House of Commons Debates of that day:

> A provision of the Food and Drugs Act of Canada bans the presence of lead in any kind of food. Therefore, regulations have been adopted to do away with soldered tins as containers of all kinds of canned food; pressed tin containers are now being used. For the same reason, tea, chocolate and cigarettes are wrapped in waxed or aluminum foil; no more lead paper is used to wrap them.

That legislation had been enacted by the Liberal administration of the time. And,

while the hon. member for Joliette-L'Assomption-Montcalm may not know it, that provision was always opposed by Conservative members at the time. May I just remind you that Mr. Frank E. Lennard, a Progressive Conservative member, fought the measure so strongly on June 14, 1950, that a rather acrimonious debate ensued, because at that time he objected to those grants being made particularly to the province of Quebec, where there are more maple products growers than anywhere else in Canada.

It is a well known fact, Mr. Chairman, that the maple product industry, in the province of Quebec, is now in a slump.

The production of maple sugar has greatly decreased from 1937 to 1957. In fact, it has dropped from 4,020,000 pounds in 1937 to 536,000 pounds in 1957.

It will probably be said that this is a consequence of the indifference of the government of the time, but I want to emphasize that those matters relating to agriculture, especially in the province of Quebec, come under provincial jurisdiction, and that all the assistance the government of the time could give maple products growers was given them, as I have just said, when any farmer who wished to do so could replace his sap buckets.

Last night, I heard one hon. member say that the present government should keep up that policy of exchange of sap buckets. However, hon. members from the same party opposed this policy, and it was probably due to their action that the program was abandoned in 1955. There were, at the time, a considerable number of farmers who had benefited from this legislation and made the necessary changes.

With regard to maple syrup, the situation is just the opposite, and understandably so. The consumer who wants maple products prefers to buy syrup rather than sugar. As a matter of fact, in 1937, maple syrup production was only 780,000 gallons; in 1957, it reached a volume of 2,705,000 gallons. The gross value of that production for the year 1956—for we have as yet no statistics for 1957, amounted to $8,566,000 for all maple products, both syrup and sugar.

Mr. Chairman, this situation creates a problem which the government has to face, and I think it should more particularly study the issue raised with regard to maple products in the province of Quebec, in the eastern part of Ontario, in Nova Scotia and New Brunswick.

The yield of maple products represents, for those who deal in them, an annual revenue varying from $1,000 to $2,000 and I can assure you that this revenue is welcome when the producer is able to get it. However, the situation offers a particular angle; quite a few farmers do not want to tap—and I know some in my riding who, last spring, right in the middle of the election campaign, refused to tap their maple trees because they did not know what conditions would obtain on the market and they also were in the dark about production costs and sales prices. This is probably no fault of the farmer himself, nor of the government. I do claim, however, that the government must study the matter and bring at least temporary solutions to these difficulties in order to assist those farmers, both in the province of Quebec and in the other three provinces who are engaged in the maple products industry.

My colleague from Beauce offered a few suggestions yesterday evening which are in all respects similar to those I had intended putting forward myself.

In fact, I have realized that the best way to facilitate the marketing of maple products was to carry on a proper sales promotion campaign on a national scale, not one limited solely to the province of Quebec. The campaign might also extend beyond our own borders.

It is an admitted fact that there is nothing more delicious than desserts prepared with maple syrup or maple sugar. That is why I think that every Canadian citizen should be able to buy those maple products at their local grocery or supermarket. No better way can they find of satisfying their palate. In doing so the consumer would help to a considerable extent those farmers who, each spring, are engaged in this particular phase of agricultural operations.

Mr. Chairman, the central government should take particular interest in a sales promotion campaign of this type. This matter could be considered at meetings between provincial and federal agricultural ministers. In this way an integrated sales promotion effort could be launched in all provinces to the advantage of farmers engaged in the production of maple syrup or maple sugar.

There is another way of helping the maple producer and that is through price support.

This might not perhaps be fully efficient, in view of the ups and downs of the market, but it would be a good thing, in my opinion, and not later than this year, to establish a support price for maple products. This would allow farmers engaged in maple product industry to make both ends meet and earn enough to meet their production costs. If the support price I am suggesting were inefficient—as I fear it would—it could be replaced by an adjustment grant or a deficiency payment.

In my opinion, it would be proper to extend throughout the whole country the price adjustment legislation enjoyed by prairie farmers.

As I see it, it is not just the western farmers who should derive benefit, as at present, from the Prairie Farm Assistance Act; all our farmers should enjoy these adjustment grants. This would not only mean that the maple producer would be just as sure of obtaining deficiency payments for his maple, but also that during unproductive years he would have the incentive to work on his maple trees—and also to hire helpers (for it is only fair to bear in mind that often, in such years, he works around the clock). In this way he could increase his annual income, and could more easily make ends meet.

It is my conviction, Mr. Chairman, that these suggestions are sound, and that the present government has the duty not only of giving them serious consideration, but of working out an appropriate formula for giving assistance to the farmers and producers of maple products in Canada.

Mr. Ricard: Mr. Chairman, after listening to the dark outline of the fate of the farmer which the hon. member for Drummond-Arthabaska (Mr. Boulanger) gave us last night, I considered it my duty to make some remarks and to bring to the attention of the house a report which appeared in *Le Droit* of June 23, 1958, under the heading:

Farmer fares better this year. He is recovering from last year's drop in income.

The average Canadian farmer probably found the going a bit rough in 1957 but, according to statistics of the first quarter of 1958, he is faring better now.

In 1957, farm income in Canada decreased by $403,300,000 to $1,053,900,000, the lowest figure in three years, as compared with $1,457,200,000 in 1956, the dominion bureau of statistics reported today.

For the first quarter of 1958, figures are more encouraging and it is estimated that, for that period, farm income will reach $604 million, an increase of $29 million over the corresponding period of 1957.

Those are the facts, Mr. Chairman. The hon. member took great pains in an endeavour to show that agricultural prices stabilization was a failure. I wonder why, last year, the Liberal party supported the Conservative party by voting in favour of that legislation.

I would like to give some advice to the hon. member for Drummond-Arthabaska. Instead of spending his time talking against the beautiful province of Quebec, he should prepare his speeches more carefully, look for the facts and show them in their true perspective.

Those are, Mr. Chairman, the few remarks I wished to make following the gloomy speech of the hon. member for Drummond-Arthabaska.

(Text):

Mr. Harkness: Mr. Chairman, I think perhaps I should comment briefly upon some of the statements which have been made in this debate and I could perhaps summarize my remarks in this way; that most of the criticisms made by the official opposition are criticisms of their own government, which was in power for 22 years and had done nothing about any of the things they now suggest should be done.

On the other hand, the major suggestions they have made I would say have been taken almost directly from the speeches which I and other members of this party have made during the last year in regard to what we were prepared to do and what we were making plans to do in connection with an improved farm credit system, a system of crop insurance and a soil and water conservation scheme. As I say, the major suggestions made from the other side of the house were along those three lines, and in many cases might well have been taken from the speeches I have made during the past year. In fact I think perhaps they were taken directly from those speeches.

Some hon. Members: Hear, hear.

Mr. Harkness: That is a general summary of the criticisms we have heard during this debate, but I would just like to mention a few specific points.

The hon. member for Russell made, I think, quite a good speech, and he mentioned the way in which he himself had engaged in or had encouraged the production of flax.

I know he did a very useful piece of work from that point of view. But as to the hon. member for Timiskaming, I do not really think I should say very much about his comments. His knowledge of agriculture is indicated by this statement to be found at page 2173 of *Hansard*:

Mixed farming takes more from the soil than does the type of farming that is done in the west.

No statement could be more inaccurate than that, and it very well typifies and is an example of all the statements he made in his speech with regard to agriculture.

The hon. member for Gloucester went into the potato situation in Prince Edward Island in some detail. What he did really was to read into the record press statements from the Charlottetown *Guardian* of July 19, which I have here, and statements by Mr. Cullen, minister of agriculture for Prince Edward Island in which he was naturally trying to defend what he or the government of Prince Edward Island had or had not done in connection with the potato situation there.

I have here a compilation which is really a chronological case history of the potato situation in Prince Edward Island. In view of the fact that the hon. member for Gloucester put on the record this long statement by the minister of agriculture for Prince Edward Island, which is not correct, I think I had better correct it and the general false impression which may have been created by the statements made by the hon. member for Gloucester.

The first time this matter of potato support for Prince Edward Island came up was on May 20 of 1958—that is May 20 of this year—not on June 3, as was stated by Mr. Cullen. A letter was given to Mr. Pearsall, the chairman of the agricultural stabilization board, dated May 16—it arrived on May 20—requesting consideration of a guaranteed price for potato stocks remaining on hand as at July 1 or July 10 or July 15 at a price of $1.25 per hundredweight bulk for graded stock at loading point, or at the farm, if disposal for livestock feed from the farm was more convenient. A general discussion followed that proposal with representatives from Prince Edward Island, and no specific request was made by them for immediate action.

Then on June 3 and 4 Messrs. Cullen, MacLennan and Burge, with one other representative, met the stabilization board. At that time the board proposed, following a study of the previous letter, a feed diversion program; that is, to divert these surplus potatoes into livestock feed. This proposal was rejected by the representatives as unworkable and on June 4 an offer of financial assistance, equivalent to what was being paid to New Brunswick on their starch diversion potatoes, was made although the specific amount was not stated.

On June 12 Mr. Pearsall called the island representatives on the long distance telephone, since they had claimed they were waiting for a further offer from the stabilization board. In this telephone call the board offered specifically 45 cents per bag with the specific understanding that it was up to the Prince Edward Island potato growers either to accept or to reject this offer. On June 25 a wire was received—I may say this was 13 days later again—from Messrs. MacLennan and Burge accepting the offer on behalf of the potato marketing board but requesting that the total appropriation available be increased.

On June 26 there was a wire from Mr. Wright, the deputy minister of agriculture for Prince Edward Island, to Mr. Pearsall requesting details of the price support program. This wire was acknowledged the next day, on June 27, enclosing application forms.

On July 3 there was a wire from the minister of agriculture, Mr. Cullen, to myself raising the question of the quality of the potatoes and requesting relaxation of grade standards. Right up to this time they had not done anything about any of these things. This had been going on since May 26. Now they are making the claim that there was no delay on their part. If there was not delay there, where was it? It certainly was not here.

We received this wire on July 3 which raised the question of the quality of potatoes and requesting relaxation of grade standards. That wire was replied to in the negative at that time, on July 4. Then on July 11—in the meantime I may say there were a great many more representations—Mr. Eardley of the department's fruit and vegetable division, was sent down to Prince Edward Island to make an investigation on the spot and report back. He reported back to the board that indications were that about 300 cars of potatoes had not been marketed and that, based on a sample check, less than 10 per cent of these potatoes would qualify for Canada No. 1 grade.

After further discussion, on July 18 we advised these people that we would accept 75 per cent of the potatoes they still had on hand as having been eligible as first grade after inspection as to size and so forth, on the date on which this procedure should have been put into effect, say at the end of June. This was actually an extremely generous way of dealing with this relatively small amount of surplus potatoes in Prince Edward Island.

I might just point out the potato marketings for the last four years:

Crop Year	Marketings (000) cwt.
1954-55	3,923
1955-56	5,123
1956-57	4,735
1957-58	6,387

The year 1957-58 is the year about which we are talking and about which the hon. member was complaining. That figure of

6,387,000 was far more than had been marketed in any of the previous three years and the total value of the marketings of those potatoes was the highest in any of those years. The figures for value of marketings are as follows:

Crop Year	Total Value of Marketings $(000)
1954-55	8,233
1955-56	6,804
1956-57	6,991
1957-58	8,404

In other words the total of marketings in 1957-58 was the highest that it has been for years, and the total amount of money received was the greatest that it has been. The request made to us really was to take the tail end of the potato crop and pay something for it. As I say, we made an offer. That offer was played around with, it was not accepted and so on and so forth. Then finally a great deal of complaint was made that we were not supporting the price of potatoes in Prince Edward Island. As I say, the actual situation is that more money was received for potatoes this year and more potatoes were marketed this year than in any year during the last four. There is certainly no cause for complaint.

I noticed that not only the hon. member for Gloucester—this evidently had been prepared in the Liberal head office by someone —put forward a great many figures as to the money which had been paid out for potatoes and that two hon. members in the other place who come from Prince Edward Island have written letters to the papers. In them is to be found exactly the same line of stuff as the hon. member for Gloucester put out here with regard to the amount of money which has been paid out for potatoes in various years past by the Liberal government. This is Liberal propaganda which comes from the office of the Leader of the Opposition, undoubtedly, and is intended to try to create the impression that the Liberals treated the potato growers of Prince Edward Island extremely well and so forth.

Actually as to the amount of money which was paid out for support may I say this, and I think I had better make this clear.

These amounts outlined by the hon. member for Gloucester and in the letters of hon. members of another place were not the amounts which were paid out for Prince Edward Island potatoes. Very little was paid out for Prince Edward Island potatoes in most of these years, and in many years nothing was paid. That was the amount paid out to support potato growers across the country as a whole, and I may indicate that under the agricultural prices support act, as it was, and the stabilization act as it is now, in only one year, 1948-49, was more money paid out for potatoes than in the year we completed a year ago this spring—no, less than a year ago—that is, for the crop of 1956-57. What the figures will be for the year 1957-58 we do not know yet, because a great many of the claims have not yet come in. So much for the potato situation in Prince Edward Island.

The hon. member for Beauce brought up the matter of maple sap buckets. I should like to point out to him that the party to which he belonged when they were in power were the people who did away with this subsidy. Why come complaining to us because the subsidy has been removed? It was done away with by his own party.

The hon. member for Kootenay West dealt particularly with farm credit, and paid a very well deserved tribute to the work the Veterans' Land Act people have done in connection with this. I fully agree with the remarks he made in connection with how well the credit facilities extended under the Veterans' Land Act have been supervised, how high a degree of repayment there has been, and how satisfactory that scheme has been, and as I have said on many occasions previously I hope and expect that we will be able to incorporate something along these lines in the improved farm credit scheme and legislation which we expect to bring forward.

The hon. member for Maisonneuve-Rosemont needs to look up his history. He made the statement that our great research facilities had been instituted by the Liberal government. If he will look into the matter he will find that these research facilities were started long before the past Liberal government came into existence. In fact they were started shortly after confederation in the way of some experimental farms and things of that kind, so he does not need to think the former government can take credit for the research facilities we have in agriculture, because these have been built up under many administrations over a long period.

And his criticisms, again, of the organization of the research facilities and the experimental farm service is a criticism of his own previous government. I may say that we are taking steps at the present time to reorganize the Department of Agriculture, and I will have a statement to make in that connection before this debate is over.

The hon. member for Drummond-Arthabaska complained about the support price of skimmed milk powder having been reduced from 17 cents to 15 cents, as though this were a terrible thing. I wonder if he has heard about the fact that before the price of milk

powder was reduced from 17 cents to 15 cents, the price of butter was increased from 58 cents to 64 cents, an increase of 6 cents a pound.

The less he or any other Liberal member says about the price of skimmed milk powder the better off they will be, because they, and the previous Liberal government, created an absolutely impossible situation as far as skimmed milk powder was concerned. They put in a support price of 17 cents, which was about 5 or 6 cents higher than the world market price, and took no steps whatever to prevent skimmed milk powder coming in from any country in the world where there was a surplus.

The inevitable result was that when I became Minister of Agriculture I found a terrible accumulation of dried skimmed milk powder which had been coming in from the United States, New Zealand, Holland, and even Great Britain, which is a deficiency area with regard to dairy products. It was an example of terribly bad administration and policy on the part of the previous Liberal government. We, of course, had to put in import control in order to stop that flood of powder coming into this country and completely disrupting our market.

Those, I think, are the only points about which I need say anything now.

Mr. Regier: I can assure the minister I am not going to hold him up for very long. However, I do wish to raise one point, and I hope I will get a better answer than the answer he gave just now to the hon. member for Timiskaming. I think the minister would be well advised to look at the record with regard to the hon. member for Timiskaming. He may well be listed as a labour organizer, but he lives on a farm and was born and raised on a farm. Half the people of Timiskaming are farmers, and the hon. member for Timiskaming received tremendous support from them, over half the agricultural vote. I do not think they will be very happy with the brush-off the minister gave the arguments presented by the hon. member for Timiskaming.

I note that on July 9 the minister reviewed the condition of agriculture and stated that there had been in 1957, as opposed to 1956, a decrease in agricultural production of 22 per cent which he himself labelled a very sharp decline. He admitted that part of this was because of the poor prairie grain crop.

Mr. Harkness: Most of it.

Mr. Regier: Yes, I realize that; most of it. The statistics issued by the dominion bureau of statistics on June 20 underlined that the great decline was because of the poor grain crop on the prairies. I noticed also that both the net and gross income of Canadian agriculture in all the various provinces in 1957, as compared with 1956, 1955, 1954 and 1953, are shown in one of the tables of statistics. The gross and net incomes of farmers in Quebec declined only by a small percentage; in the province of Ontario there was a rise in net income as well as in gross income, but on the prairies, as was to be expected, there was a very serious decline. In British Columbia there was a small increase; I believe the net and gross incomes of farmers rose by some 4 per cent.

I know the minister was Minister of Agriculture for only half of 1956, so what I intend to ask him will, I hope, not be considered on a political basis. Would the minister care to offer an explanation to the committee of why there was a decline in Prince Edward Island in the gross income of farm operators of $4.1 million, which represents, roughly, a decline of one eighth? In the province of Nova Scotia it declined by $3.9 million and it declined in the province of New Brunswick by $7.3 million.

We very much regret the lack of industrial development in the maritime provinces. We have always looked upon agriculture as a part of the backbone of the economy of the Atlantic provinces, but those provinces did not have the great crop failures that were sustained in the provinces of Manitoba, Saskatchewan and Alberta. The agricultural pursuits in the Atlantic region are more like those in the provinces of Ontario, Quebec and British Columbia.

I wonder if the minister would care to comment on why there was such a serious decline in the gross income of farm operators in the Atlantic provinces as well as in the net income of that section of Canadian agriculture, and he might indicate what over-all measures either in the field of research or in the field of aggressive action he is intending to implement as a result of the situation in the maritimes.

Mr. Harkness: Mr. Chairman, the reduction in income in the maritimes was due largely to a decrease in production. They had a very dry year in the maritimes, and particularly in Nova Scotia. The hon. member may not be aware of the fact that we put into effect a relief program under which we shipped hay to Nova Scotia. They had not produced enough hay even to look after their own needs for the winter. Hay had to be shipped in, on which we gave assistance. Therefore the general reduction in income in the maritimes was largely due to a bad year and reduced production. The total value of the potato crop, which is one

of the big cash crops, of course, last year, as I indicated, was something in the neighbourhood of $1,500,000 or $2 million less in Prince Edward Island than it has been so far this year.

Mr. Regier: Would the minister care to say that agricultural conditions are reviving in the maritimes as a region in the year 1958?

Mr. Harkness: Certainly conditions are better. For one reason, they had a considerably better potato crop this year than last year. Potatoes are one of the big cash crops and the producers received more money for their product. I also think income from dairy products and beef cattle will be better this year. The general answer to that question would be that all the indications are that this is going to be a considerably better year for agriculture in the maritimes than last year was.

(Translation):

Mr. Boulanger: Mr. Chairman, when I was interrupted in the course of my remarks on the agricultural program which I was suggesting to the government, I was about to explain a policy which should be adopted by the government and whose results would be far-reaching.

First of all, there is the inquiry into soil utilization and conservation, launched in 1955 under the Liberal government.

As compared with seven meetings held during 1957, there have only been three or four since the Conservative party came to power. I feel the present government should instil some vigour into this work so as to introduce a program which would go hand in hand with the soil study that will have been accomplished, especially in eastern Canada. Everyone versed in agriculture says it is necessary to classify our soil so as to put it to the best use in the various areas and to formulate the most fitting conservation recommendations.

Agricultural experts have noted that 46 per cent of the soil at Lake St. John has been seriously affected by erosion (350,000 acres out of the total of 860,000 acres of reclaimed soil). I deplore that the hon. member for Roberval (Mr. Tremblay) is not present in the house to benefit from this information in the interests of the farmers of this area.

The same phenomena can be observed in the Joliette area. Producers of flue-cured tobacco there are only too well aware of the destructiveness of wind in these sandy regions.

Indeed, the same phenomena arise everywhere in Canada—perhaps on a bigger scale in flat country.

[Mr. Harkness.]

One can get a good idea of the damage done by erosion in looking at our rivers after a heavy rain. The water becomes dirty and muddy and carries away the best elements of the soil. Such damage caused by the constant erosion of our lands may bring upon us the calamity of which a poet has said: "Old empires have been destroyed as much by the loss of their soil as by the sword of their enemies."

Mr. Auguste Scott, a distinguished professor at the Agricultural College of Ste-Anne-de-la-Pocatiere, had this to say about the steps to be taken to control soil erosion:

> We should first of all undertake a thorough study of our soil and its fertility. At the same time, an education campaign should be organized among the farmers, additional meteorological stations should be created and research centres established.

More specifically, Professor Scott advocates the improvement of the fertility of poor soils or of soils which have lost their fertility through erosion. Among the most efficient means of warding off that danger, he suggests crop rotation and the use of lime and of chemical and organic fertilizers. He alsc recommended the establishment of a soil conservation board. I would like the Minister of Agriculture to take note of my observations concerning this soil conservation board.

The work of such an organization should be carried out as soon as possible so that its recommendations may be implemented without delay.

The second step would consist in improving the Farm Loan Act to increase the assessment value of the property given in guarantee, in raising the maximum amount and in establishing a supervision service made up of competent agricultural experts who would direct and advise the borrowers.

As I have had the opportunity of making a few brief comments on that matter, I will not add anything more for the time being.

A third step, which would certainly bring results although over a longer period, would be the expansion of our farm research services.

I am happy to pay tribute to the hon. member for Maisonneuve-Rosemont (Mr. Deschatelets) who dealt thoroughly with that question and with whom I agree wholeheartedly.

The United States announced a few months ago that they were increasing their agricultural research budget by $50 million. At that time, many Americans criticized that measure, stating that the amount was inadequate and was lagging 20 years behind.

We could easily say the same thing about Canada. We are lagging behind 20 years, since most of the discoveries that we are applying to our agricultural and processing methods come from the United States.

This research should not have as its sole aim to increase the yield by acre or by livestock unit; it should also seek means of applying our products to other industrial uses.

All who are interested in agriculture recognize that, if we adopted all the new methods to increase the yield per acre, the development of new varieties of cereals, new fertilizers and chemical products to fight those plagues brought about by insects and plant diseases, our farmers would double the yield of their farm. Is not such a possibility of increasing the yields of our farms a sufficient reason to vote more money for research work?

The director of the federal research laboratory in the prairie provinces, in Saskatoon, Mr. Ledingham, made an interesting statement last November. I quote:

(Text):

He suggested, among other things, that land capable of producing high quality bread wheat was now being used for oil seed crop production while land in northern sections of the prairies, where oil seed crops could be grown effectively, is being used to produce low quality wheat. He mentioned recent developments in the laboratory in finding industrial uses for agricultural products, one of them the production of a fibreboard from wheat straw.

In Canada the cost of agricultural research, when measured against its contribution to the national welfare, has never been high. But there is a need for intensification of such research. There seems to be a valid argument for spending increased funds on research that may provide permanent solutions to the problem of agricultural surpluses rather than invest ever-increasing amounts on support of plans that in the United States particularly have only worsened this particular farm problem.

(Translation):

The Minister of Agriculture said on July the 11th that he would deal extensively with the research work of his department. On reading his speech, we find that he gave this topic a fifth of his review of the agricultural situation in this country. We were led to believe that the importance he was giving to that matter in his speech indicated that the government would spend tremendous amounts this year on research work.

However, on examining the estimates of 1958-59, I found out that no increase had been provided for research work on the experimental farms of this country, except perhaps for an increase of half a million dollars for the central experimental farm in Ottawa. In this instance, as in many others, is not the minister just attempting to make us believe that the government achieves great things, whereas it is satisfied to implement the programs and methods of the former Liberal administration?

Some hon. members who spoke before me maintained that the Liberal government had achieved nothing during the 22 years it had been in power. I would like to list briefly several projects carried out by the Liberal government: the Prairie Farm Assistance Act, which cost the sum of $185 million from 1935 to 1956; the Prairie Farm Rehabilitation Act, $110 million; the Maritime Marshland Rehabilitation Act, $10 million; the Farm Price Support Act, $89 million; the Farm Loan Act under which approximately 600,000 loans were awarded, totalling $653 million; the Farm Improvement Loans Act under which 653,000 loans were granted, totalling $723 million; the Western Grain Transportation Assistance Act under which $257 million were paid out by the former government to February 1957.

I could mention other figures—for instance I could tell you that the sale of farm products went up from $950 million to $2,400 million from 1936 to 1955; that the value of farm equipment and machinery rose from $19 million to more than $153 million; that the value of land and buildings rose from $3 billion to $5,500 million; that the value of farm animals which amounted to $579 million rose to $2,010 million. I also could add that the net farm income advanced from $536 million in 1935 to $2,655 million in 1956.

I could recall other things which the Liberal government accomplished in the 22 years it was in power.

To quote but one other figure, the value of exports of agricultural products jumped from $400 million in 1936 to $1 billion in 1956.

Had Liberals remained in power, we would today have a new improved farm credit plan, which would allow farmers to borrow a larger sum of money for a longer period and at a lower interest rate than is the case today. We would also have crop insurance. We would have better research services. Experimental farms would be expanding. I could not list all the things the Liberal party would have done in two years.

Mr. Pigeon: You had a chance to do them in those 22 years.

Mr. Boulanger: I know that the hon. member for Joliette-L'Assomption-Montcalm does not understand anything about agriculture, especially when I judge by the speech he made yesterday.

Iraq—Recognition of New Government

Although the Liberal government accomplished a great deal, much remains to be done. We ask the Minister of Agriculture to fulfil at least one tenth of the promises he made in the last election campaign and I would ask hon. members from the province of Quebec, who were elected on the strength of those promises, to stand up in the house and to insist that those promises be carried out. Boastful speeches about the policy of the government will not make us achieve anything worthwhile. Conservative members from Quebec are as sound asleep as are members of the Union Nationale in the province of Quebec.

Mr. Ricard: How can we help going to sleep, listening to you?

(Text):

The Deputy Chairman: Shall item No. 1 carry?

Item agreed to.

The Deputy Chairman: Shall item No. 2 carry?

Some hon. Members: One o'clock.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

The Deputy Chairman: Order. Do I understand that the Secretary of State for External Affairs wishes to make a statement?

Mr. Smith (Hastings-Frontenac): Yes.

The Deputy Chairman: May I rise, report progress and ask leave to sit again later this day?

Some hon. Members: Agreed.

Progress reported.

EXTERNAL AFFAIRS

IRAQ—ANNOUNCEMENT OF RECOGNITION OF NEW GOVERNMENT

Mr. Speaker: Has the Secretary of State for External Affairs leave to revert to motions to make a statement?

Some hon. Members: Agreed.

[Mr. Boulanger.]

Hon. Sidney E. Smith (Secretary of State for External Affairs): Mr. Speaker, I am grateful for the opportunity to revert to motions to make an important statement with respect to recognition of the government of Iraq. Formal notification of this act of recognition of the new government which was established in Iraq on July 14, 1958, will be conveyed to the new government. In response to communications which have been received from their official representatives in several capitals of the world the Canadian government has taken the step of recognizing the Iraqi government.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I am sure that the house, what there is of it, will have heard with considerable interest this important announcement. As far as we are concerned it is satisfactory because we think it is the right course to have taken. My own surprise at the announcement has been modified by the fact that the C.B.C. news at one o'clock today informed me that the Canadian government had recognized the government of Iraq.

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, the Secretary of State for External Affairs must have thought this a most important announcement to have taken the procedure he has in the house. May I say on behalf of this group that we believe he has taken the right action. We hope the action taken by other governments and now by Canada will help to lead to a possible settlement of the Middle East situation, and that Canada will go even further in making recommendations with respect to that situation.

SUPPLY

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

DEPARTMENT OF AGRICULTURE

Science service—

Science service administration—

4. Operation and maintenance, including an amount of $136,475 for grants in aid of agricultural research in universities and other scientific organizations in Canada, and an amount of $45,000 to assist in defraying the costs of the ninth international botanical congress to be held in Canada in 1959, $1,313,662.

Mr. Boulanger: I should like to ask the Minister of Agriculture a question.

Would the minister tell the house the amount spent for agricultural research and the results of that research? Furthermore, how are the results of that research made available to individual farmers?

Mr. Harkness: As to the amount spent on research, it is listed here in the estimates

book to which the hon. member may refer if he has that book before him. The science service involved an amount of $11,426,000 for this year, and the breakdown is shown; the central experimental farm service is $15,678,000, and the total amount spent on these two services is essentially for research purposes.

Item agreed to.

11. Experimental farms service administration, $276,462.

Mr. Argue: Mr. Chairman, on item No. 11, the experimental farms services including the central experimental farm, I wonder if the minister could tell the house whether in regard to the central experimental farm it is the policy of his government to maintain that farm in its present location in the city of Ottawa for further scientific research, and whether there is anything to the rumour one hears from time to time that because of extensive city development and increasing property values some other use in the future may be made of part of the property now occupied by this farm?

I would express the hope that the central experimental farm may be kept in its present form and its present location. I think it is doing tremendous work and is, amongst other things, a most valuable tourist attraction in the capital city. I think it would be in keeping with the view of the Canadian people as well as the people of Ottawa that the central experimental farm be maintained in its present location.

Mr. Harkness: I am very glad to tell the hon. member for Assiniboia that the central experimental farm is going to be not only retained but expanded. The plans we have, of which there has been some indication in the press, are that the present experimental farm will be used entirely for plant breeding and plant research activities. The animal husbandry branch of the experimental farm service will be established at a new experimental farm which will of course still be part of the central experimental farm, a few miles south and west of the present farm property in what will be the green belt surrounding Ottawa.

We expect to secure from the federal district commission something in the neighbourhood of 4,000 acres of land in the green belt, and the animal husbandry activities of the experimental farm will be established there. The amount of land will provide us with sufficient grazing and sufficient area on which to raise forage for the animals, so that we can very considerably extend the animal husbandry research activities. The present farm is much too small to enable us to carry on nearly as much research in the animal husbandry field as we feel necessary and as is desired to be carried out.

Mr. Argue: I very much appreciate the minister's statement, but does he mean that the present acreage of the experimental farm will be retained and that the 4,000 acres to which he refers is entirely in addition to the lands now held?

Mr. Harkness: Yes; that is correct, Mr. Chairman. The present acreage will be retained and, as I say, will be used entirely for plant breeding and associated activities, such as horticultural activities and so on of the science service and the experimental farm service.

Mr. Forgie: I would like to ask the minister if he would give consideration to having funds allotted for research on soybeans, because as a result of discussion of this subject with the officials of the central experimental farm and also the provincial government and scientists, it is apparently felt that there are great possibilities of a bean being developed which will mature in sufficient time to perhaps provide the answer to the situation so far as the rotation of crops is concerned in western Canada.

The minister probably knows that at Morden there are about 4,000 acres now being cultivated, and that there are also some plantations outside of Saskatoon and Prince Albert. I would like the minister to give consideration to the allocation of funds for research in this connection, as the scientists and provincial governments in both Ontario and Manitoba are convinced that this research would have a very satisfactory effect, especially for western Canada.

Mr. Harkness: Mr. Chairman, we are presently and have been for some time carrying on very extensive research programs with respect to soybeans. This has been going on at the central experimental farm and at Harrow in Ontario, and also in Winnipeg. As a result it has been possible to produce a certain type of soybean which matures earlier than in the case of older varieties. Some of these are being used at the present time in Manitoba, and it is hoped that an earlier maturing variety which will be better adapted to the particular climatic conditions which exist in the west may be developed.

Mr. Forgie: I might say to the minister that it is not easy, because even 14 years ago I was in conversation with Dr. McRostie and at that time the Mandarin and Ogama brands of soybeans were being crossed. It had just then started, and it has taken all this time to

develop a bean at Morden which has a yield of only about 12 bushels to the acre. The oil content is lower than in the beans grown in the province of Ontario. For instance, at Pelee island I understand they are growing 69¼ bushels to the acre at a price of $2.38 a bushel, which is quite a different proposition.

Mr. Harkness: I think what the hon. member for Renfrew North has said points up the fact that experimental projects in agriculture are very long-term projects, and in many cases the work has to be carried on year after year without any visible results. People then say, "Oh, they are wasting our money, and they should not be doing that; they should be doing something else." As I say, what the hon. member has pointed out illustrates the fact that it does take many many years of research work to get any great results, and sometimes even after many such years of research you still do not get any great results. Nevertheless, it is only by these long-term series of experiments that you do produce better varieties and superior animals in the long run. As I stated when the estimates first came up for discussion, it is only by carrying on this research work that we do produce improved varieties of plants and animals which will eventually mean a great deal more money in the pockets of individual farmers.

Item agreed to.

13. Construction or acquisition of buildings, works, land and equipment, $573,680.

Mr. Boulanger: I see there is an increase of $289,000 over last year, which means it is double the amount shown for last year.

Mr. Harkness: Would the hon. member explain what he meant by double? I did not quite understand what he meant.

Mr. Boulanger: Last year the figure was $284,000 and this year it is $573,000, so there is an increase of $289,000.

Mr. Harkness: Yes, Mr. Chairman. This increase in expenditure is for the new buildings for the animal husbandry work which will be built on the extension to the central experimental farm of which I spoke a few moments ago. There will, of course, be a considerable building program on this new farm, which will be spread over a considerable period of time.

Item agreed to.

Items 14 to 16 inclusive agreed to.

Health of animals—

17. Administration of Animal Contagious Diseases Act, and Meat and Canned Foods Act, $6,676,108.

Mr. Robinson: I doubt if I have any questions to ask the minister, but I would like to make one or two observations on this matter. The act, as we know, is there to protect us as well as the farmers, and with respect to cattle—and here I am referring to tuberculosis—there is some background information I would like to give the house in order to make myself clear. I have in mind a recent incident in Bruce riding.

A large dairy herd in a restricted area had been accredited for quite a number of years and had a clear bill at each inspection. Recently it was found, however, that there were 12 reactors in the herd, which was quite a surprise to the owner and no doubt also to the veterinary surgeon who discovered this condition. I understand there was some discussion with the veterinary people who did the testing and also the inspector for the district but nothing could be done, apparently, or was not done. These 12 valuable cows went to Toronto and had to be killed, although there was no visible sign of tuberculosis in any of the 12 animals.

In Toronto they went through the ordinary channels in the packing houses and the owner of the herd is still not convinced that a mistake was not made. He does not know, of course, but he is not convinced that the veterinary surgeon was correct, and in speaking to the officials of the health of animals branch I was informed that there are certain cases where an animal is infected, yet it does not show after it has been killed, but that if a more thorough examination of the carcass was made the probabilities are that such a disease would show up. In fact I am assured it would though it would take a lot of research work on the carcass to be sure

The suggestion I would like to throw out to the minister is that in the first instance these 12 animals should have been quarantined and re-tested later on and that in the second place if they had to go to Toronto as a group of 12 and did not show any sign of infection, I think there should be a regulation that the inspectors should have tried to go further and confirm that the animals had really been infected. In these circumstances this owner has suffered a considerable loss, and everything should be done to find out whether or not a mistake has occurred. I am not saying the veterinary surgeon made a mistake at all, but it does look as though there was some doubt. If such was found out, namely that such cattle were taken out and slaughtered, I think in all fairness the owner of the cattle should be recompensed for his loss, at least in part.

Mr. Harkness: I have had a few complaints along this line with regard to cattle which were tuberculin tested and showed as reactors and then, when they went in for

slaughter, there was found on post-mortem examination no definite sign of tuberculosis, but I understand from the experts in this line that this happens fairly frequently. If the tuberculosis is in the early stages the test which is made is very reliable in indicating that tuberculosis is present in the animal, but post-mortem examination quite frequently will not show that any definite deterioration has taken place. The test picks out the t.b. infected cattle before what are known as gross lesions develop which would be detected on post-mortem.

The fact that no gross lesions were found in these particular cattle does not mean that they did not have tuberculosis. One of the great values of the test is that it picks out animals before the disease has developed sufficiently so that the risk of infection to other cattle is very greatly increased. I think also we must be fairly stringent if we are to have a tuberculosis testing program such as we have, and which has resulted in tuberculosis in cattle having been reduced from something like about 4 per cent in 1923 to less than one-tenth of one per cent at present of cattle tested that are reactors. In order to be able to export our cattle, particularly dairy cattle, freely to the United States and other countries we must have a tuberculosis testing program of this kind in effect. It is hard on a particular farmer who has a large part of his herd go down. Nevertheless, in the interests of farmers generally in this country and in the interests of the general economy I think we must be fairly stringent as far as these tuberculosis testing programs are concerned.

The Deputy Chairman: Shall vote 17 carry?

Mr. Pickersgill: No, Mr. Chairman. I understand this would be the appropriate vote under which to ask any further questions one wished to ask about the matter that was dealt with on item No. 1. If that is not correct I would ask the minister to tell me under which item they should be asked.

Mr. Harkness: What item are we on now, Mr. Chairman?

The Deputy Chairman: Vote 17.

Mr. Harkness: The place at which the question should have been asked was on item No. 16, the one with which we just finished. This item deals with the contagious diseases act. However, as far as I am concerned I am quite willing to have questions of this kind asked here instead of on item No. 16, seeing that the hon. member missed item No. 16.

Mr. Pickersgill: Mr. Chairman—

The Deputy Chairman: Order. Has the hon. member the unanimous consent of the committee to revert to questions on vote No. 16?

Some hon. Members: Agreed.

Mr. Pickersgill: I have several questions I should like to put to the minister. As reported at page 2899 of *Hansard* the minister yesterday said this:

> The first time any information in regard to this man or his political activities or other activities came to my attention or that of my officials in Ottawa was May 1, 1958. That was the first intimation of any kind we had in this connection and it was as a result of the complaints we received at that time that I ordered an investigation made.

Would the minister tell us what were the complaints that came to his attention at that time?

Mr. Harkness: The complaints I received were that this man had been engaging in political activities on behalf of the hon. member for Laurier, in fact in very extensive political activities on his behalf; also that the man had been engaged in certain smuggling activities. That was the information I received.

Mr. Pickersgill: Had the minister received both those items of information at the same time?

Mr. Harkness: I am not certain that they were received at the same time but they were received either at the same time or practically at the same time.

Mr. Pickersgill: I think a good deal turns on this question, Mr. Chairman. We have been told that the minister received personal and confidential letters which he says were affidavits and which were marked secret.

Mr. Harkness: So there will be no misunderstanding may I say this. The first information I received on this matter was verbal. It was not in written form at all.

Mr. Pickersgill: Perhaps the minister would like to tell us what this verbal information was and from whom he received it.

Mr. Harkness: I have already told you.

Mr. Pickersgill: From whom?

Mr. Harkness: No. I am not going to tell you from whom I received it.

Mr. Pickersgill: In other words, Mr. Chairman, what the minister is saying is this. He is saying that the House of Commons is not entitled to know from whom he received the information on which he deprived this man of his job and his livelihood. That is what the minister is telling us now.

Mr. Bell (Saint John-Albert): No, he is not.

Mr. Pickersgill: In other words, this man has an accuser, a secret informer, and the minister is not going to give us the name of this secret informer.

Mr. Harkness: The hon. member, of course, with some of his colleagues has been attempting to make a major issue out of this matter and to twist it out of all recognition. The actual fact is that right at the moment I do not recall who gave me the information verbally. But if I did recall who gave it to me, Mr. Chairman, I still would not give the hon. member the name, because it would merely expose the people who gave the information perhaps to unfortunate attentions from some of the henchmen of the hon. member for Laurier.

Mr. Pickersgill: In other words, Mr. Chairman, the situation is this; and I may say that I am seeking to be as fair as possible to the minister—

Some hon. Members: Oh, oh.

Mr. Pickersgill: I put this question. Considering the fact that a Canadian citizen has been deprived by the minister of his livelihood—

Some hon. Members: Oh, oh.

Mr. Ricard: How many times was it done by your government?

Mr. Pickersgill: I suggest that some of the backbenchers would be well advised to listen quietly and to assist in the defence of the civil rights of Canadians about which their leader was so eloquent not so very long ago.

Mr. Ricard: You have been doing it all the time.

Mr. Pickersgill: As I say, I want to be completely fair to the minister. I understand, then, that the minister received hearsay evidence from someone he cannot remember, and on the basis of that hearsay he has taken away this man's livelihood. Is that what the minister wants us to understand?

Mr. Harkness: Mr. Chairman, the hon. member has had a full account in connection with this matter. He knows that the statement he has just made is absolutely incorrect. About a month and a half elapsed from the time I first received any information in regard to this matter before the man was discharged. There was quite a full inquiry made in connection with the matter. I satisfied myself that there was no question as to the reprehensible activities in which this individual had been engaged.

What the hon. member is trying to make out is that this matter involves civil rights. He might just as well say that an employee of any business concern in this country who happened to be caught, say, with his hand in the till could not be discharged unless he had been taken into court or some other kind of tribunal. In effect that is what the hon. member is trying to maintain; and he is trying to maintain that there was some loss of civil rights or something along that line because this man was discharged, having been detected, as I say, in activities which I at least am not prepared to countenance in employees of this department whilst I am minister.

The hon. member is trying to say that nobody, not even a casual employee of the department, can be discharged unless his case is taken to a tribunal of some sort. I suppose the idea is to take him into court or something along that line. This sort of statement is completely ridiculous. You could not carry on any business in that way, and you could not carry on a government service in that way; you must have some discretion so far as discharging people is concerned if you find they are carrying on activities that cannot be countenanced, and that was the situation in this case.

Mr. Pickersgill: I have quite a number of other questions I should like to ask the minister. First of all, does he think that he was vested with the right to discharge employees without giving an account to this house, to which he is responsible, of all the circumstances in which he did so? Does he think that because he is sitting on the treasury benches he is elevated to such a height that he does not have to account for this conduct to the duly elected members of parliament; because that is what he is saying.

Mr. Harkness: When the deputy minister here was superintendent of the experimental farm at Swift Current he has just indicated to me that he fired all kinds of men without referring it to the minister or anyone else. In other words this sort of thing has to go on in any institution which hires casual labour.

So far as the question about not being accountable to the house is concerned, and not making a full disclosure, I have made a full disclosure to the house. We have spent, now, several hours on this particular matter, and I do not think that there are any further details I can give.

Mr. Pickersgill: The mere fact that the hon. gentleman does not think there are any further details that we are entitled to have does not destroy our right of freedom of speech in this house, I hope; though I would not be surprised, if the minister continues in the line he is now following, that this would be his next attempt.

Mr. Harkness: And you said you were trying to be fair. Nothing could be less fair than the statement you have just made.

Mr. Pickersgill: I have sat quietly here without interrupting the minister, and yet when I attempt to utter a single sentence he interrupts me.

Mr. Harkness: That is not true. Read *Hansard* and you will see that it is not.

Mr. Pickersgill: The minister has just done it again to demonstrate the truth of my statement. I should like to ask the hon. gentleman what was the precise status of this man Mitchell. The minister talks about casual employees. Was he a casual employee?

Mr. Harkness: As I stated yesterday, this man was a casual employee. He had been employed on a seasonal basis for some 12 years before this incident took place.

Mr. Pickersgill: Yesterday the minister said 16 years.

Mr. Harkness: There was a period of about five or six years before that when he had not been employed, and then four years in which he had, which makes up a total of 16. The hon. member talks about my interrupting, but he cannot allow me to finish my statements even if those statements are correct, as his statements are not in most cases, and as a result need some correction for the record.

As I say, the man was employed for four years, then for five years he was not employed. Perhaps his services to the Liberal party were not considered of such worth that he was kept on after these four years. Then he re-established himself and was put on again, and was there for some 12 years until this incident came up.

Mr. Pickersgill: The minister says this man was a casual employee. He also said he was employed seasonally. Was he not a seasonal employee? Did he have any superannuation benefits?

Mr. Harkness: I am informed by my officials that the proper classification is "casual seasonal employee", just as I said.

Mr. Pickersgill: Would the minister answer the other question I asked? Did he have superannuation benefits?

An hon. Member: He took it out in whisky instead.

Mr. Harkness: We have no definite information on that. The situation is this. People in these circumstances, if they have requested that they should be able to pay into a superannuation fund, are ordinarily permitted to do so, but whether this man had done so, or what the situation was, I do not know.

Mr. Pickersgill: So in the minister's detailed investigation of this man's case he did not trouble to find out whether or not he had any superannuation benefits. That is not a question; it is just a comment on the minister's answer.

I wish now to put another question to the minister. Did the minister have drawn to his attention any other case where this man had received or had in his possession liquor and cigarettes on which the tax had not been paid, except the one to which the hon. member for Laurier referred last night? Were there any other cases?

Mr. Harkness: There were no others to my knowledge.

Mr. Pickersgill: And when did the minister first learn about this matter. In other words after May 1, the minister told us yesterday, he received certain information from the Minister of National Revenue about this case. Did the Minister of National Revenue tell the minister why a decision was reached not to prosecute this man?

Mr. Harkness: I answered that yesterday. You are merely being repetitious.

Mr. Pickersgill: Perhaps the minister would do me the courtesy of recalling the answer to my mind, because it has slipped my memory.

Mr. Harkness: I suggest that the hon. member should read *Hansard*. He will find answers to all those questions there.

Mr. Pickersgill: I have read *Hansard*, and I have been able to find nothing by way of an answer to that question. The minister did not say when the Minister of National Revenue spoke to him about this case. He did not tell us when it was decided not to prosecute. The minister told us originally—

Mr. Smallwood: On a point of order, Mr. Chairman. We reverted from item 17 to item 16 so the hon. gentleman might ask a question, not make a speech, and I think it is quite unfair.

The Deputy Chairman: Order. The hon member for Bonavista-Twillingate has the floor.

Mr. Pickersgill: Mr. Chairman, I was about to point out that it was the hon. member for Laurier who gave us the only facts we have on this situation. I would remind you that the minister has given us none. The minister has not told us what this man did.

Mr. Harkness: On a point of order, Mr. Chairman, I protest against the hon. member making statements that are absolutely contrary to the facts as reported in yesterday's *Hansard*. I gave the full facts in connection with this matter. The hon. member has just said I did not give any facts. *Hansard* is there for anybody to read, and I protest against him taking up the time of the house with repetitious statements and questions the answers to which are already on the record.

The Deputy Chairman: I think the committee has been very generous in allowing the hon. member to revert to item 16 so as to be able to ask questions, and I think he should confine his remarks to questions as closely as possible.

Mr. Pickersgill: Mr. Chairman, with the greatest possible deference it seems to me that when we are discussing the dismissal of a public servant whose category the minister has not been able to give us precisely—

Mr. Harkness: I gave it to you. Don't keep making these incorrect statements.

Mr. Pickersgill: The minister said at one point he was a casual employee, and at another point that he was a seasonal employee. I am informed that there is a difference in status between seasonal and casual employees. And the minister has said, on his own unsupported testimony, that he satisfied himself that this man was engaged in political activities, and that he had broken some law. I am seeking to find out some of the facts on which the minister reached this conclusion,—facts which, I submit should have been given frankly to the committee. I want the minister to tell us on what date—no, first of all, I want to ask—

Some hon. Members: Make up your mind.

Mr. Pickersgill: —whether it is true he stopped the prosecution, as he told the house he did in his answer to the first question of the hon. member for Laurier.

Mr. Harkness: Once more, if the hon. member had paid close attention yesterday and the other time this matter was discussed, or if he had read *Hansard*, he would know the answer to that.

I had nothing to do with the matter originally. When it came to my attention—as I say, six months after the offence had taken place—I considered the matter as to whether or not the man should be prosecuted and decided, as far as I was concerned, that after this lapse of time and in view of what the unfortunate results of that would be as far as confidence in our inspection services was concerned it would be undesirable for me to initiate a prosecution, especially after the lapse of that length of time.

Mr. Pickersgill: Mr. Chairman—

Mr. Bell (Saint John-Albert): Mr. Chairman, may I ask a question—

The Deputy Chairman: Order. The hon. member for Bonavista-Twillingate requested permission to ask questions, and no one else has the right to do so at this time.

Mr. Pickersgill: Mr. Chairman, I should like to ask the minister whether or not it is true that the Minister of National Revenue or the officials of his department had already decided not to prosecute before this matter was drawn to his attention?

Mr. Harkness: Mr. Chairman, I have already answered that question in my remarks yesterday.

Mr. Pickersgill: Mr. Chairman, that question, I am sure, has never been asked before. I am asking whether or not the Minister of National Revenue or his department had decided not to prosecute before the Minister of Agriculture ever heard of this case?

Mr. Harkness: Mr. Chairman, this is entirely repetitious. If the hon. gentleman will read the record he will see that I stated yesterday that at the time the liquor and cigarettes were found in this man's possession—I do not know how long afterward but almost immediately after that—the enforcement branch of the Department of National Revenue decided not to prosecute and—

The Deputy Chairman: Order. The question of whether or not a prosecution should have been undertaken by the Department of National Revenue has nothing whatever to do with the estimates of the Department of Agriculture, and I would ask the hon. member not to pose any more questions along that line.

Mr. Pickersgill: I think your point of order is very well taken, sir, and I accept it without question. However, I should like to ask the minister this question. We have been told that the liquor and cigarettes were found in this man's possession on November 29. The Minister of Agriculture said the first time he ever heard of this case was on May 1. Did he learn about the liquor and cigarettes from the Department of National Revenue or from some other source?

Mr. Harkness: Mr. Chairman, once more I say that if the hon. gentleman would read the record he would know the answer to

that question. I have already said this afternoon that I first learned of this orally, and certainly it was not from the Department of National Revenue.

Mr. Pickersgill: In other words, sir, this offence of which the minister has convicted Mr. Mitchell was never brought to the minister's attention at all by the Department of National Revenue. This offence which was discovered on November 29 was not considered by the Department of National Revenue of sufficient importance to bring to the attention either of the minister or of his officials. The minister has now told us he learned of it from some other source, and not from the Minister of National Revenue, and evidently it was considered by the Minister of National Revenue and his officials of no importance—

Mr. Ricard: The hon. member is supporting a smuggler in his remarks.

Mr. Walker: Mr. Chairman, on a point of order, I understand that the committee gave unanimous consent to the hon. member asking a question. He has already asked 29 questions and at the moment he is no longer asking a question but making a speech. His remarks have become nothing more or less than a harangue and a cross-examination of the Minister of Agriculture. I suggest that the rules of the house are being flouted in a manner which is typical of my hon. friend, but which is nevertheless a disgraceful violation of the rules of this house.

The Deputy Chairman: Order.

Mr. Pickersgill: May I be heard on the point of order, Mr. Chairman?

The Deputy Chairman: Order. The committee did give the hon. member for Bonavista-Twillingate the right to ask questions. I must ask him again to confine his remarks to questions.

Mr. Pickersgill: Mr. Chairman, with the very greatest deference I submit—

Some hon. Members: Order.

Mr. Pickersgill: I am speaking on the point of order.

Mr. Bell (Saint John-Albert): The point of order has been ruled on.

Mr. Pickersgill: Mr. Chairman, I wish to speak on the point of order despite the hon. member for Saint John-Albert, who does not seem to like this discussion very much.

Mr. Bell (Saint John-Albert): Mr. Chairman, I rise on a point of order.

Mr. Pickersgill: You cannot raise a point of order on a point of order, either. Mr. Chairman, I understand that we are not yet precluded from raising points of order in this house, even with the restrictions the hon. member for Rosedale is seeking to impose on our liberties.

Some hon. Members: Question. Sit down.

Mr. Pickersgill: Mr. Chairman, my point of order is this. As I understand it I was given unanimous consent to revert to item 16 of the estimates. I do not believe it is competent to the committee to put any strings on what I may say in committee as long as it relates to the item. Once unanimous consent has been given I do not think it can be taken away, and I do not believe that my freedom of speech about this matter can properly be restricted under the rules in any way whatsoever. That is my submision.

The Deputy Chairman: Order. No one, of course, has any idea of taking anything away from the hon. member for Bonavista-Twillingate with reference to his freedom of speech.

Mr. Bell (Saint John-Albert): You cannot take something away from nothing.

The Deputy Chairman: The hon. gentleman asked if we could revert to item 16 in order that he could ask questions. I, as chairman, asked the committee if he could have unanimous consent to revert to item 16 for the purpose of asking questions and the committee gave unanimous consent. I feel, therefore, that the hon. member should confine his remarks as closely as possible to questions in accordance with the thoughts of the committee.

Mr. Pickersgill: Mr. Chairman, with the greatest possible respect I simply cannot submit to a form of censorship of that sort, and I shall desist at once from asking questions.

Some hon. Members: Hear, hear.

The Deputy Chairman: Shall vote 17 carry?

Some hon. Members: Agreed.

Item agreed to.

20. Compensation for animals slaughtered, including compensation for eggs destroyed from infected premises under terms and conditions approved by the governor in council, $411,000.

Mr. McMillan: Mr. Chairman, would the minister tell us under what terms and conditions eggs are destroyed, and in what quantity?

Mr. Harkness: Mr. Chairman, this is an old classification which has been in the estimates for some years. It is due to the fact that Newcastle's disease and fowl typhoid can

both be transmitted through the egg. Therefore provision was made for the destruction of eggs at a time when these diseases were prevalent. They have not been prevalent in recent years and no eggs have been destroyed for approximately three or four years, I am advised by the director-general of veterinary services.

Mr. McIlraith: There was an outbreak of Newcastle disease about three or four years ago, and some discussion occurred at that time.

Mr. Harkness: Yes.

Item agreed to.

Livestock and poultry—

21. Livestock and poultry production, including premiums on pure-bred sires and contributions for livestock improvement, $1,938,438.

Mr. Boulanger: Mr. Chairman, I wish to say a word about the production of lambs and wool in Canada. I saw a recent estimate which indicated that Canada imports 15 million pounds of lamb a year. Canada raises 1,500,000 sheep, but this production could be raised to 10 million. Could the minister tell us what he intends to do to improve the production of sheep in Canada?

Mr. Harkness: Mr. Chairman, we have already taken very definite steps in order to increase sheep production in Canada. We put into effect under the Agricultural Stabilization Act a support price of 60 cents a pound for wool. A two-day conference of sheep producers from all over Canada was convened in Ottawa, and this action was taken in response to their request concerning what effective steps might be taken in order to improve and increase the production of sheep in Canada. They were unanimous in saying that a support price for wool was the most important thing to be done, and as a result we put into effect this support price for wool.

I might say that of all the measures we have taken to improve agricultural prices in Canada, and all the steps we have taken under the Agricultural Stabilization Act and otherwise, this particular step of putting this support price under wool has resulted in more letters of thanks than any other single thing we have done. Sheep men from all over Canada have written thanking me most sincerely for having taken this step as far as the sheep industry is concerned.

Mr. Boulanger: This policy was indeed necessary and I too thank the minister, but it is not what we want to increase the production of lambs. We have a considerable area of marginal land in Canada in crops which could be put to better use as pastures. These pastures could be improved at little cost. They should be classified for this purpose following an investigation of land use. That is why I wish to ask the minister whether the land use investigation is being pursued by the special committee of the other place?

Mr. Harkness: Mr. Chairman, I agree with the hon. member that we could have and should have a great deal more sheep production in Canada. That is why I called this meeting of those sheep people in order to get their advice as to what steps to take. As I say they, unlike the hon. member, were unanimous in saying that the most important thing was to put this support price under wool. In addition they recommended various other steps of a less important nature. In order to carry on this work we have asked for a special grant in order to set up a sheep committee, or an advisory group, so there can be a continuing body during the next year to carry on the investigation of the sheep industry and to make recommendations as to the best steps to take to improve and enlarge that industry.

Item agreed to.

22. Supervision of race track betting, $279,988.

Mr. Boulanger: This is an appropriation having to do with racetrack betting. As I understand it, this item is under the control of the Royal Canadian Mounted Police. I wonder why this item is not in the Department of Justice estimates, because the R.C.M.P. come under the Department of Justice. There is an increase of $20,000 in this vote, and I would like to know why?

Mr. Harkness: Mr. Chairman, the hon. member is quite incorrect. If he will refer to the Criminal Code he will see that it assigns the supervision of racetrack betting to the Minister of Agriculture, and it is carried out under the supervision of this department. It is quite true that the mounted police are employed as far as some of the supervisory work is concerned, but they are employed under the supervision of or by this department. Whilst they are engaged on those racetrack activities the Department of Agriculture pays their expenses.

Mr. Boulanger: They are under the control of the Department of Justice?

Mr. Harkness: They are not under the control of the Department of Justice when they are working on this racetrack activity; they are under the control of the Department of Agriculture. As I said, we pay their expenses. Normally, of course, the mounted

police are under the control of the Department of Justice. We have them, you might say, on loan for some of the work of supervising racetracks.

Mr. McMillan: Can the minister tell us whether any of these funds are recoverable from the revenue from racetracks? I understand the provinces get quite a bit of revenue from the racetracks. Why should they not supervise the tracks?

Mr. Harkness: Mr. Chairman, we receive one-half of one per cent of the moneys wagered, and that has produced a revenue very greatly in excess of what we have been spending in recent years. In other words, the department was making money by supervising betting at the racetracks. I might say that the people engaged in racing horses and in carrying on racing were, I think, justifiably put out that we were making a great deal more than we were spending in the supervision of racing, and they have been requesting for many years that the department undertake what they call an "eye in the sky" camera which follows the horses around the track, as a result of which they have a record of any irregularities. It is a means of making sure that the running of the race is carried on according to the rules, which also involves salivary and urinary tests. A few months ago I agreed to assume the cost of carrying on these operations, and we expect as a result that the revenues and the expenditures will be much more nearly balanced in the future.

Item agreed to.

23. To provide for grants to agricultural fairs, exhibitions, and museums in accordance with regulations of the governor in council; for payments pursuant to agreements in force on March 31, 1958, with exhibitions covering the construction of buildings and other major undertakings; and for a grant of $50,000 to the royal agricultural winter fair, Toronto, and freight assistance on livestock shipments for exhibition thereat, $916,000.

Mr. Argue: On this vote, can the minister say whether any recent limitation has been placed on the amount of the grant that may be made toward the construction of various agricultural buildings? In other words, has there been any new regulation under this government which would make it more difficult for people to obtain loans?

Mr. Harkness: The answer is no.

Mr. Argue: There has been no new limitation of $100,000 on such grants?

Mr. Harkness: That limitation is there, Mr. Chairman, but it is not new; it has been there for some considerable time.

Mr. Argue: Can the minister say when it was placed there?

Mr. Harkness: I am informed it was in 1955.

Mr. Argue: Has the minister given any consideration to raising the $100,000 ceiling? It seems to me, with the cost of buildings today and the very useful purpose to which they can be put, such a ceiling perhaps should be increased. It must have been placed there because amounts higher than that had been granted in the past. It would seem to me that for some buildings, at any rate, the $100,000 is relatively low.

Mr. Harkness: Mr. Chairman, we have had no representations from exhibitions and fairs that this amount should be raised. I presume the hon. member is extending them an invitation now to request it, but up to date we have not had any request that it be raised. What we have had from time to time over the years are requests for special grants, and a number of them have been made, grants considerably in excess of $100,000 for the erection of some particular building or to cover some particular situation. For example, the maritime winter fair, which lost its buildings just a short time ago, I have no doubt will apply for a special grant in order to help replace those buildings, and so on; things along this line.

Mr. Pearson: Will the minister explain why this grant has been reduced by $37,000 while the next grant, item 24, the royal winter fair in Toronto, has been increased by $245,000?

Mr. Harkness: Well, Mr. Chairman, this particular figure is the estimate of the officials of the department as to what the grants which have been applied for and which cover work which will be completed during the year will amount to. It so happens that in this particular year the estimate is, as the hon. member says, $5,000 less than it was in the previous year.

The reason for the increase in the grant to the royal winter fair is that some two to three years ago the previous government authorized a special grant of $1 million. This is one of the special grants I referred to in answering the hon. member for Assiniboia. During the first year after the grant was authorized the royal winter fair did not start building and did not use any of the $1 million. The following year they still had not completed their plans and did not use any of it. However, they have now informed us that they will need this amount this year. They informed the department that they would need this other amount in the previous year but they did not actually get started. I think they had some difficulties amongst

themselves over the plans and as a result they did not get started on their building. They now inform us that this year their building will require this amount so that is the amount we have put in the estimates.

Item agreed to.

24. Special grant to royal agricultural winter fair, Toronto, $250,000.

Mr. McMillan: Does the royal agricultural winter fair get an extra amount in addition to this special grant?

Mr. Harkness: They get an annual grant of $50,000 a year. This is a special building grant.

Item agreed to.

Marketing service—
28. Marketing service administration, including marketing of agricultural products, $666,454.

Mr. Boulanger: Under this item I see there is a position called "senior officer 2" with a salary of $13,785. Under the Agricultural Stabilization Act item the salary of the chairman is $11,500. I understand that these two positions are held by the same man. I should like to know what salary he receives. If he is receiving $11,500 I suggest that he should be paid $13,875.

Mr. Harkness: The head of the marketing service, who is also chairman of the agricultural stabilization board, is paid as head of the marketing service at the higher of the two figures mentioned. I have also made a recommendation to treasury board that he receive certain extra compensation because of the fact that he is carrying on two jobs. That has not yet been approved but I expect that it will be.

Item agreed to.

29. Subsidies for cold storage warehouses under the Cold Storage Act, in the amounts detailed in the estimates $445,916.

Mr. Howard: First of all I should like to ask the minister what is the reason for cutting in half the amount of money to be expended under the Cold Storage Act.

Mr. Harkness: We decided, as the result of a considerable number of representations that had been made to us, that the amount of cold storage now existing made it unnecessary for us to subsidize everybody who wanted to go into the cold storage business. In the past we paid out quite large subsidies to large commercial concerns which were building big cold storage warehouses across the country. As a result of a review of the matter a few months ago I had the regulations changed so that the amount of grant would be limited to $50,000 in the case of any one cold storage project. The purpose was to ensure that this form of assistance was extended as far as possible to farmers' and fishermen's co-operatives and organizations of that sort which in many cases still need to build comparatively small cold storage warehouses and require assistance whereas we did not think it was necessary to continue that type of assistance to large commercial concerns. As a result, the amount of money that will be expended will be very much reduced and that is why the item is reduced.

Mr. Howard: I understand that formerly there was no limit to the total subsidy but there was a limit in terms of a percentage of the total cost, a maximum of one-third of the cost or something of that sort.

Mr. Harkness: That is correct. There was no limit on the total cost of the cold storage building which was erected. We paid one-third of the cost and, of course, we still pay one-third of the cost. There is no change in that regard but this upper limit of $50,000 has been imposed which means that in the future anybody who builds a $3 million cold storage plant will not get a $1 million subsidy.

Mr. Howard: It may seem strange—I found it strange when it came to my attention—that fishermen's problems should be dealt with in the department of agriculture but, as the minister has said, subsidy payments under the Cold Storage Act are also payable to fishermen's co-operatives to enable them to build fish cold storage plants.

Undoubtedly the matter to which I wish to refer has been drawn to the attention of the minister or his officials. I wish to make a formal plea on behalf of the Prince Rupert fishermen's co-operative association. When there was no limit to the subsidy other than one-third of the total cost the Prince Rupert fishermen's co-operative made plans to build a cold storage plant having in mind that they would receive a subsidy of one-third of the total cost from the department. I believe they received approval to go ahead some few years ago but difficulties then arose between the Prince Rupert fishermen's co-operative and another co-operative in Vancouver and they decided to delay the building of the cold storage plant.

However, they have now made plans to proceed with it without realizing that a $50,000 ceiling has been placed on the subsidy they will be able to receive under the Cold Storage Act. If the minister feels it is necessary to place a limit of $50,000 on the subsidy because of the huge cold storage plants being built costing millions of dollars, I ask him very seriously, speaking particularly

of the Prince Rupert fishermen's co-operative although there may be other co-operatives or companies in the same boat, whether he would not consider relaxing the regulation in the case of the Prince Rupert fishermen's co-operative and any other groups in the position of having developed their plans on the assumption they would receive a subsidy amounting to one-third of the total cost. Otherwise, now that they are ready to proceed they will be hampered by the fact that a limit has been placed on the subsidy they had expected to receive.

I think if the minister would undertake to do that he would certainly find, so far as the Rupert fishermen's co-op is concerned, he would assist them immeasurably in the expansion of their cold storage locker and that if there are other cases which fall into the same category I am sure this sort of action would be greatly appreciated. I hope the minister will undertake to take some steps in the direction of relaxing the $50,000 limit which applies to those who have unfortunately found themselves having to raise a few thousand more dollars than they had originally thought would be necessary.

Mr. Harkness: One thing I mentioned before and which I should like to make sure the members of the committee understand is that these subsidies are available only to people to erect public cold storages, whether it be a co-op or an individual enterprise. It must not only be a public cold storage but it must remain so, otherwise the subsidy is repayable. I do not know whether this particular co-op wants the cold storage entirely for its own operations or not but in any event to do what the hon. member asks would really mean we would have to go back about four years. These people, I am informed, had an agreement to build a cold storage but at the end of the year they had still not raised the money or completed their plans, and they asked for an extension. They got three such extensions and eventually the agreement became void.

If we were to go back and revise agreements entered into during the past five years I think the hon. member will recognize we would be in a practically impossible situation. I might also tell him that it would mean an expenditure of several million more dollars in subsidies for a considerable number of private enterprises which had agreements but which did not raise the money or complete their plans so that their agreements lapsed. If we were to do as the hon. member asks and recognize this voided agreement which is now five years old, we would have to do the same thing for everybody and there are a large number of such old agreements. This would create an extremely awkward situation and problem and would also, I think, be unfair to those people who have been in the cold storage business for years and to the many smaller farmers' and fishermen's co-operatives which have built cold storages.

Mr. Howard: I would like to carry on to amplify this thought. I was not suggesting we should go back four or five years and renew every old agreement. I am only stating the circumstances in so far as the Rupert fishermen's co-op is concerned.

Mr. Harkness: That was the situation with the Rupert co-op.

Mr. Howard: Yes, I quite appreciate that but I am also saying it has not been because of lack of desire or need that that co-op did not proceed with their expansion program but I think it is equally unfair to the Rupert co-op or to any other co-op or group wanting to operate and own its plant to allow them to develop their plans on the assumption that they would receive a one-third grant and then, when they are ready to definitely proceed, to find out that the subsidy is not there and that they are going to have to raise the difference between the one-third and the $50,000 if the cost is more than $150,000, as it is in this case. I think it is equally unfair to place co-op associations and others in a position of assuming that they are going to get it in the first place and then suddenly to discover they must raise additional capital and that their plan for orderly marketing and protection of foodstuffs—in this case fish—are all upset. I know the minister is very able and I am sure that if he tries hard enough he will find some way around this difficulty.

Mr. Harkness: Mr. Chairman, I do not see that there is anything unfair in this situation. This particular organization had four years to build its warehouse; they had an agreement which lapsed and it was extended three successive times. The agreement was for one year and it eventually lapsed altogether and is now void. I do not think there is anything unfair there at all. They had four years in which to mature their plans and they did not do so. It is much the same thing as if I entered a contract to buy a car for so much money and I did not go ahead and buy the car but four years later I came along wanting to get a car of that year's model at the same price I had contracted for four years earlier. It is just not a reasonable proposition.

Mr. Howard: Could I ask this one question: did the minister say the regulation was changed two or three months ago?

Mr. Harkness: No, I think it was six months ago.

Mr. Howard: At any rate it was a relatively short time ago. Did the minister or did any of his officials discover that groups or organizations or companies had in years past received subsidies under the Cold Storage Act and its one-third provision although they were not entitled to do so?

Mr. Harkness: I am informed that nothing is known along that line, but I can tell my friend that every application for a subsidy is very carefully investigated and we do turn down a considerable number. Many people put in applications although they have not met the regulations; they start to build their cold storage and then they come along and ask for a subsidy. Under the act we cannot pay it to them and we get a great many complaints from people who think they should get a subsidy and do not get one. I can certainly assure the hon. member that these applications are very carefully investigated before a subsidy is paid and before an agreement is entered into to see that the projected cold storage will meet all the requirements of the regulations laid down and that the expenditures for building are very carefully checked so that we can be sure we are not paying more than the one-third share called for by the agreement.

Mr. Howard: Mr. Chairman, this may have a bearing on the matter. I wonder if there are statistics available as to the average or general cost of fish cold storage as related to the general or average cost of cold storage for garden products, meats and so on?

Mr. Harkness: We have not any cost figures here, Mr. Chairman, but my officials inform me that the lower the temperature required the higher the cost, and therefore the cold storage for fish as opposed to that for fruit and vegetables would entirely depend on the amount of space devoted to low temperatures. In the present cold storage for fruits and vegetables a considerable amount of space is for deep-freezing purposes, for fast-freezing of fruits and vegetables and to keep them in that frozen form for long periods of time. It may therefore be that at the present time the cost of fruit and vegetable cold storage is more expensive than that required for fish, but that again would depend on the proportion of space required for these low temperatures.

Mr. Howard: I should like to proceed a little bit further. As I said earlier, it seemed to be somewhat odd to me when I discovered these subsidies for fish cold storage warehouses would come under the Department of Agriculture. I would have normally expected that subsidies for fish cold storage would more properly be administered by the Department of Fisheries, not that I am saying that the administration has not been good or otherwise. However, it would appear to me to be a more sensible division or application of it, inasmuch as the products which are stored and used are different, to divide the administration as it applies to fish cold storage plants and to place that under the Department of Fisheries where they deal every day with fish, fish products, fish marketing services, price supports, research and everything else. I wonder whether some consideration would not be given to that suggestion.

Mr. Harkness: The reason we administer this matter is that there is only one Cold Storage Act and it is provided that it shall be administered by the Department of Agriculture. The number of cold storages built for fish products is very small in comparison with the number built for meat, fruit, vegetables, butter, cheese and all the other products and it is not sufficient to justify a separate administration for fish cold storages. The actual practice is that when we get an application in for a fish cold storage we promptly send it over to the Department of Fisheries and ask them to investigate it and give us a report on it before we proceed any further.

Mr. Howard: Did the minister say "properly" or promptly?

Mr. Harkness: We promptly send it over to the Department of Fisheries. As I say we get their report before we proceed any further on it.

Mr. Howard: I should like to ask another question. I am sorry I did not do this earlier and I hope the minister will not mind my trying to get this information for my own sake. It is purely for that purpose at the moment. I understood the minister to say that the reason for the placing of a ceiling of $50,000 was that there had been some fairly heavy expenditures made under this act in the past to the huge cold storage groups and therefore it was felt to be unnecessary to be continually pumping federal government money into these cold storage operations. Is that generally what the reason was?

Mr. Harkness: As I indicated previously, the thing is that I received a considerable number of representations from people who already had cold storages in existence to the effect that the subsidy which we were through the department making available was resulting in cold storage space being overbuilt in their particular areas and was having the effect or was going to have the effect

of forcing them out of business with their existing cold storage. We were putting up a third of the cost for the new cold storage.

After looking into the matter it seemed to me that in many cases this was a fairly valid complaint. Also on looking over the history of it and on getting the figures as to the amount of cold storage which we have in Canada and the percentage of occupancy, I was particularly struck by the fact that the percentage of occupancy in the cold storages in Canada was not very high. I have forgotten the exact figures but I think it did not run much more than 50 per cent. I am informed that my memory on that matter is correct and that it ran about 50 per cent. With occupancy of existing cold storages at only about 50 per cent and running up to 70 per cent in some seasons, it seemed to me to be an unjustifiable use of public money to subsidize the construction of further cold storages except those required in certain areas, as I say, by farmers and fishermen's co-operatives in order to hold their product until they could market it. For those reasons I decided to limit the amount of the grant to $50,000.

Mr. Howard: May I inquire whether those representations and the results of the study that was made and the realization that there was too much cold storage space and not enough use being made of it and so on apply to agricultural cold storage space or just that for fish? How did the fish cold storage plants fit into that study?

Mr. Harkness: The figures that I have compiled cover all the cold storages across the country. What the break-down was between the ones which were used entirely or primarily for fish, I do not know. The hon. member probably knows that there are a number of cold storages which are used for both fish and agricultural products.

Mr. Pearson: The minister has said that there is an upper limit of $50,000 put on assistance under this act. Would he explain why it is that at page 126 of the details of assistance, there are some grants which are well in excess of $50,000 for next year.

Mr. Harkness: Those are to cover contracts which were already in existence before the limit of $50,000 was put on. In other words, there were a considerable number of contracts which had been entered into by the government of which the Leader of the Opposition was a member, and we have not finished paying out under those; the construction was still going on or if it was completed, a complete check of it had not been made and the settlement had not yet been made. All those in excess of that amount which you see in the details are old contracts which were in existence when the change was made; and of course we did not make this change retroactive and disturb the old contracts.

Mr. Pearson: Would that explanation also cover the items in the supplementary estimates for assistance under this act?

Mr. Harkness: The deputy minister is still looking up those items but I am quite sure it would, yes; because since we made this change no cold storage subsidies have been authorized in excess of $50,000. If there are any in there in excess of $50,000, they must be old contracts.

Mr. Pearson: Even in the supplementary estimates?

Mr. Harkness: Yes.

Mr. Southam: I should like to substantiate the minister's advice in that respect. I happen to be in the cold storage business myself in Saskatchewan and as president of the Saskatchewan locker operators association I know there has been a definite trend in the last few years away from the placing of food in cold storage plants owing to the advent of home freezers. It is a definite trend. It is something that we must face up to. But I think the minister's advice in that respect is quite right.

Mr. Argue: I feel that the Minister of Agriculture is making a mistake in putting this arbitrary limit of $50,000 on any grant that may be made to a cold storage firm. If the minister is correct in saying that in certain areas there has been over-building and that the amount of space that is used is too low, surely that would be a factor in considering any individual application—

Mr. Harkness: It is.

Mr. Argue: —as to whether or not storage in a given area were in fact needed. But it would seem to me that the instance of Prince Rupert, shall we say, or in any other instance—I do not claim to be acquainted with this case that has been raised—it would be a greater service to the agricultural industry and to consumers generally to judge each case on its merits rather than to say that an arbitrary limit of $50,000 is going to be placed on the amount that can be paid for any cold sorage. As far as farmers' co-operatives, fishermen's co-operatives or other co-operatives may be concerned, I think the $50,000 limit is going to mean a hardship for some of them. Even in this very estimate that is under consideration there is a co-operative in the province of Quebec that is to get a grant of $105,884. If an arbitrary limit of $50,000 were set, then of course that

co-operative would get a good deal less. For the minister to say that this is for co-operatives, that we are going to give it to co-operatives through a kind of back door method by setting a $50,000 ceiling, is something that I do not think should be done. I do not think that is the way to administer anything.

If this is designed to help co-operatives, why does the minister not put in a clause saying that subsidies for co-operative organizations for the building of cold storage plants may be one-third of the cost without regard to a ceiling. I do not think it is possible to say we are putting on a $50,000 ceiling and at the same time say the whole program is for the purpose of assisting co-operatives. I can remember when I came into this chamber in 1946 or 1947, a couple of years after I was elected there was a long discussion on this very question. At that time, as I remember the discussion, the department was not following the practice of allowing co-operatives building locker plants to be eligible for this subsidy; it was a subsidy for large bulk storage plants. After a good deal of discussion, the minister of agriculture of that day, the Right Hon. J. G. Gardiner, agreed it should be extended to include co-operative lockers and I think I had the honour of having a subsidy paid to a locker plant in my constituency, one of the very first to take advantage of it.

We have heard it said in these discussions by members on all sides of the house that one of the reasons there is such a tremendous fluctuation in the price of perishable farm products is that ample storage is not available. I have listened to the Minister of Agriculture today, and I am not convinced that this ceiling is the way to administer cold storage facility development. If the government feels that in a given area no new storage facilities are required, let us have no subsidy at all. But if an organization, and particularly a co-operative association, can make a case for the building of a storage plant which costs in excess of $150,000, then I suggest it is not good business from the standpoint of the welfare of this nation to place an arbitrary ceiling on this item. I think the reduction from $915,000 in the former estimate to $445,000 in this year's estimate, together with a look at the estimates which show that there are a number receiving amounts in excess of $50,000, means that the government is going a long way toward wiping out a cold storage program which has been built up step by step, and which is serving a very useful purpose.

Mr. Harkness: I am not arguing with the hon. member that there was not a need for a cold storage program of this sort in the past, but I would once more draw to his attention the fact that the surveys I have carried out showed that the existing cold storage is only being used to 50 per cent of capacity. Under the circumstances, what excuse is there for using the taxpayers' money to subsidize in large amounts the building of more storage? There is no excuse for it at all. I would have done away with this altogether except that there still exists the need for more storage—small storage facilities—in isolated parts of the country, or in parts of the country which are more or less isolated. I said that most of the people who would benefit under the present regulations with a limit of $50,000 are farmers' and fishermen's co-operatives in areas which are to some extent isolated. But we do not want to limit this to co-operatives. Any group of farmers that wants to build a cold storage plant with public facilities, for instance, may receive a subsidy. These are the very people who need to be helped and I think from all the information I have been able to gather that $50,000 is quite adequate. If you put it at more than $50,000 you are in effect subsidizing the building of big cold storage plants which are just going to take storage business away from other large cold storage plants already in existence.

Mr. Howard: I wonder if the minister could tell me how many cold storage plants there are which deal exclusively or, in the main, with agricultural products; how many deal exclusively, or in the main with fish; and how many handle both agricultural products and fish in combination.

Mr. Harkness: We have not those figures, but we could have them compiled by the department and I would be glad to do that and send them to the hon. member.

Mr. Howard: Do I understand that the figures are not yet compiled but that this could be done?

Mr. Harkness: Yes.

Mr. Howard: The minister has informed the committee that he has conducted a survey and that he has discovered that the present storage facilities, or the operators of them, needed protection and that there did not appear to be any need for additional storage facilities.

Mr. Harkness: No. I did not make either of those statements.

Mr. Howard: Perhaps the minister will let me finish.

Mr. Harkness: Don't put words into my mouth that I did not utter.

[Mr. Argue.]

Mr. Howard: I do not want to get into the same sort of altercation with the minister as I did yesterday, but a good way to begin one would be by making these interruptions. The minister said he had conducted a survey.

Mr. Harkness: That is right.

Mr. Howard: And that as a result of that survey he had discovered certain things. Is that right?

Mr. Harkness: That there was a 50 per cent occupancy.

Mr. Howard: Sometimes going up to 70 or 75 per cent, I forget which figure the minister used.

Mr. Harkness: Seventy.

Mr. Howard: I attempted to discover from the minister what division there was with respect to fish cold storage and agricultural products cold storage, and he does not know the figures, though he says he can have them compiled and send them to me. But they will not do me any good. What the minister has just admitted is that in the course of the examination he conducted he did not attempt to discriminate between cold storage facilities for agricultural products and cold storage facilities for fisheries products. He just made a complete survey across the board, said this represented the general picture as far as cold storage is concerned, made no attempt to differentiate between the two products and decided that the ceiling of $50,000 would be appropriate.

I will go one step further and say that the reduction from $915,000 to $445,000, a sum equal to less than half of the former estimate, together with the $50,000 limit, is an indication that the main estimates will be cut in half again next year, because there will not be these large sums of money payable and I suggest to the minister with all due respect to what he may have said—and I have no intention of putting words into his mouth—that if he had made as thorough an investigation of this subject as he made of the question raised yesterday by the hon. member for Laurier, he would have discovered that an entirely different picture exists with respect to agricultural cold storage.

Mr. Harkness: The hon. member is, in effect, accusing me of not knowing what I am doing and not having the information on which to do it.

Mr. Howard: Mr. Chairman, I rise on a point of order. I wish the minister would not put words in my mouth.

Mr. Harkness: Mr. Chairman, I was not putting words in the hon. member's mouth. I said that in effect this was what he was saying. I ventured to suggest that in connection with cold storage the only information he has relates to the situation at Prince Rupert. I think he would be better advised to find out what the situation is with regard to cold storage across Canada before he begins making these broad, general sweeping statements.

The investigation which we carried on with respect to occupancy of cold storage facilities was very complete. I indicated some time before that a large number of these facilities are used for both fish and agricultural products. The hon. member is complaining because I do not have here a break-down as to the exact number which are used for fish only, the exact number used for both fish and agricultural products and the number used for other commodities. That would be an extensive compilation job. I have informed the hon. member that it could be done and I shall be glad to have it undertaken and send him the information but in the meantime I take objection to his making broad statements which are to the effect that we did not know what we were doing when we did this.

Mr. Howard: I could very easily agree with the minister on that point but I will not. With all due respect to him and his department I point out that when I opened my remarks I said I was referring specifically to the Price Rupert fishermen's co-operative association and that was it. I was not talking about fish cold storage plants throughout Canada or agricultural cold storage plants. Regardless of whether or not the minister knew what he was doing—and that is for him and not me to decide—he looked at the entire picture and decided that because certain conditions existed the subsidy would have application to everybody regardless of the merits of the individual case. I am objecting to the application of the subsidy not being based on the merits of individual cases without limitations being placed upon it.

Mr. Argue: I wonder if the minister could tell us if a survey was taken for only one year or over a period of years. Could he also tell the committee whether the 50 per cent occupancy of cold storage is a standard figure for a number of years or whether it has been diminishing rapidly as time went on? I hasten to admit that I am no authority about cold storage facilities but it would seem to me that if cold storage facilities deal in certain goods that are produced in a given season that figure might be fairly high. I should also like to know whether or not the storage survey was broken down as to areas, regions or provinces because if the city of Toronto has ample cold storage facilities and is using only 40 per cent of the potential

capacity of the facilities this does not do much good for the people in the constituency of my friend the hon. member for Skeena if they are greatly in need of such facilities. A national average of 50 per cent occupancy does not mean very much unless it is a general pattern that is prevalent all across the country. I am wondering if the minister could say to what extent there was occupancy of cold storage facilities a few years ago and whether the survey would show by provinces that the rate of use of cold storage varies a great deal.

Mr. Harkness: Mr. Chairman, we receive monthly returns as to the occupancy of these various cold storage plants and these are compiled on a yearly basis. The general trend of occupancy has been downward for some years past. In other words, the percentage of occupancy has been declining. These figures, of course, are broken down on a provincial and regional basis. There is naturally some variation on a provincial and regional basis but the chief variation is on a seasonal basis. At some seasons of the year occupancy is low and at other times it runs as high as 70 per cent in some cases, as I mentioned. Nevertheless the general trend of occupancy has been decreasing.

I might say, Mr. Chairman, it seems to me this is a good example of the fact that whenever you attempt to put into effect a necessary economy, one which will save the taxpayers some money and one which serves other useful purposes, you immediately receive complaints from some hon. members of the house which makes it difficult to institute economies in government services. This is a case in which I think there is no question whatever but that the granting of subsidies running up to as much as $1 million or more to build cold storage plants is absolutely unjustified. We have sufficient cold storage facilities now. On the average it does not have more than 50 per cent occupancy. Why in the world should we continue to spend the taxpayers' money in building more cold storage facilities in the light of the situation I have outlined which would force a lot of people into bankruptcy? I cannot understand that kind of reasoning. Certainly the provision we have made of a $50,000 grant which is still available is sufficient to cover the needs of the smaller communities where storage facilities have not yet been built. The smaller areas are the only places where there is a necessity for new cold storage plants.

Mr. Southam: Mr. Chairman, I should like to add a few words to what I said a few moments ago with respect to the situation. I live in Saskatchewan where we have a cold storage operation rigidly supervised by the Department of Agriculture. We have 216 licensed cold storage locker operators in that province. I believe the standard of operation is one of the best in Canada. Having been an executive officer of the governing association for some years I have watched the trend in this field.

Cold storage lockers came into popularity in Saskatchewan in about 1945. The popularity of usage increased sharply until approximately 1950. Beginning in that year there was a decline in cold storage occupancy. We as cold storage operators had educated the public to the value of cold storage and the economy of processing foods. The advent of home freezers on the consumer market lessened the need for commercial locker plants. I would presume to say there would be possibly twice as much food in cold storage today as there was in 1945 but it is in the individual homes. The result of this is that many operators in Saskatchewan feel they are going to be faced in the not too distant future with the problem of keeping their plants fully occupied and operating economically.

I believe the minister is taking the right stand in this regard. He is following the trend that has taken place in my province and I understand the same trend has taken place right across Canada. Rural electrification is taking place in many areas and the moment it is established a home freezer is the first utility the farm wife wants. The result is that she takes her products away from commercial locker plants. I can speak with some knowledge of the situation in Regina and elsewhere because I have spoken in the last few years to the operators of plants in those areas. This is a normal trend and something to which we must face up.

Mr. Argue: Mr. Chairman, I do not think the minister has given us ample reasons why there should be this arbitrary limit. I am surprised that if he has made this comprehensive survey and the records come in from time to time he or his departmental officials who are before him do not have copies of these documents so the committee could see the entire cold storage picture across the country.

I was critical over the years of the former minister of agriculture, probably as critical as any hon. member of this house, but I was always prepared to say that as far as cold storage subsidies were concerned he was improving the program. Today we have determination on the part of the Minister of Agriculture to save money in this field and applications will not be judged on

their individual merits. We all are aware of what was pointed out by the hon. member for Moose Mountain that other facilities are being made available.

We have a minister who does not judge each case on its merits, but arbitrarily slices off any chance there is of a co-operative, or any other organization, getting a grant in excess of $50,000. I am not one of those who has spent my time asking the government to spend its time ferreting out economies; but if the government wants to make some real economies I think they can be made in some department, generally speaking, other than the Department of Agriculture because, in my opinion, expenditures in the Department of Agriculture have never been excessive.

I am wondering whether, when the minister made this survey of which he has spoken a great deal, it was a special survey or whether it was merely a reading of those annual reports that normally come in from across the country. Can the minister tell the committee the percentage of cold storages in use in this country by provinces?

Mr. Harkness: Mr. Chairman, the investigation that I have made was a matter of taking those monthly reports—as I say, they are not yearly reports; we get them in monthly in regard to occupancy—and compiling the statistics. The hon. member will realize that that is a big job because there are a lot of those cold storages across Canada.

As far as judging any particular application for a cold storage on its merits is concerned, as I indicated before, that is what is done. When an application comes in a very careful investigation is made before a contract is entered into, and once more the costs which are submitted by the organization are very carefully audited and gone into before we pay out this subsidy. The thing is done on an individual basis and has always been done on an individual basis; but it seemed to me that as far as cold storage which was to be subsidized by the Canadian taxpayer, in the future, is concerned in view of the extent of the occupancy which exists at the present time and in view of the number of cold storages there are in all centres of any size, the only need for continued subsidization was in the smaller areas where cold storage has not yet been built. The limit of $50,000 I considered, and still consider, was more than ample to cover the needs of those communities. That is why the sum of $50,000 was put in as our contribution, which means a cold storage costing $150,000.

As far as the break-down of figures by provinces is concerned, the hon. member realizes that it is a big job. I have this book here which is just a summary of the various details, as far as these estimates are concerned, and it is an absolute impossibility to have here all of the documents which might be asked for. As far as information is concerned, such as the break-down of those cold storages, the officials just could not carry the documents. As I said before to the hon. member for Skeena, I will be glad to get the break-down by provinces, and so forth, but I have not it here at the present time, and it is just not feasible to have everything along with me here when I am taking up my estimates, as I think the hon. member realizes.

Mr. Argue: Mr. Chairman, there was another way in which the minister could have attained his objective if his objective was to save money or to accomplish economies. He could have taken each application and looked at it on its merits to see whether or not in a given locality such new cold storage facilities were needed. If in the opinion of the minister they were not needed, then it would not be necessary to grant a subsidy. My point is, if a co-operative wishes to build a cold storage plant, if it is needed, at a cost of $600,000, then it is a retrograde step to say that this co-operative is not able to get $200,000 by way of a grant but can only get $50,000. There were other ways of bringing about the same result, if that result were desired, other than to say that $50,000 is the limit and there will be no other subsidization of cold storage accommodation provided in this country. I do not think you can build anything adequate with the present building costs for the sum of $150,000. I would say that would be a relatively small plant at present costs.

Mr. Harkness: I think the hon. member has forgotten what were the purpose and the intent of the Cold Storage Act. Its purpose and intent were to provide cold storages which were deficient in number at the time the act was passed, and it was a subsidy by the Canadian taxpayer to encourage people to put up cold storages because there was not anything like enough cold storages in existence. Now once you reach the point where you have sufficient cold storages over the country so that they are only 50 per cent occupied surely the need for any subsidy has disappeared. As I say, I would have done away with the subsidy entirely; I would have asked to have the act repealed except for the fact that in quite a considerable number of those more isolated areas there is still a need for the construction of many of those smaller cold storages, and that is why the limit of $50,000 was put in.

Furthermore, I might say this. Any concern which is going to build a cold storage costing more than $150,000 should be able to raise the money itself. If the cold storage is going to be sufficiently profitable, well, then, they should be able to raise the money themselves; they should not need any subsidy from the Canadian taxpayer in building it. If there was a definite shortage, as existed at one time, well and good, the subsidy was justified; but when you have a situation where you have only a 50 per cent occupancy of those cold storages, then, in my opinion, it is completely unjustifiable to ask the Canadian taxpayer to put up money to build more of them. The result of building more of them, in most instances, is just to put out of business or into bankruptcy concerns which already have them.

Mr. Howard: I realize the minister may not have this information before him or it may be difficult to find, but can he indicate what the results of this survey showed with respect to percentage of occupancy of fish cold storage plants in Prince Rupert, and whether there is or is not a deficiency of them?

Mr. Harkness: I can send that information to the hon. member. As I said, naturally I have not it here.

Mr. Howard: I am sorry; I was trying to listen to two people at the same time.

Mr. Harkness: I said that I can send him that information but naturally I have not it here.

Mr. Howard: Did the minister compile that information as a result of a survey?

Mr. Harkness: I do not know what the hon. member is asking me, whether we compiled the information. We have the complete figures as to the occupancy month by month of those various cold storages, and from that information, which takes up a great deal of room in the files, we can compile any information which is asked for. But what is compiled at the present time and what I can lay my finger on in 10 minutes or half an hour I do not know.

Mr. Howard: Well, what I am trying to get at in another way and to point out is that I think this is an incorrect way of approaching this problem and saying that because we have discovered from the results of the Canada-wide study an average percentage use of cold storages is made, therefore that average should apply to every place. Some may be above and some below. I say that is an inequitable use of the results. To apply it all across the board—and I do not want to put words in the minister's mouth—is to say that Prince Rupert does not need additional cold storage facilities without knowing whether that is so or not.

Mr. Harkness: All I can say is this. I have explained several times before, and I have to take the responsibility, that in my opinion there is no need for the subsidization of cold storage facilities anywhere in the country in excess of $50,000 per cold storage plant. That is my opinion and I have to be responsible for the decision. I have taken it and I do not think I can say anything further about the matter. From the information I have received I am convinced that there are sufficient large cold storage plants in all of the more populous areas of the country, that further subsidization of them is not required and not only is not required but simply has the effect of damaging already established cold storage plants and organizations.

Mr. Howard: I am appreciative of the fact that the minister has just indicated there is no need for subsidization with respect to fish cold storage facilities in Prince Rupert.

Mr. Harkness: I did not say that.

Mr. Argue: In effect.

Mr. Harkness: I said that in my opinion $50,000 was ample by way of subsidy.

Mr. Howard: The minister is saying that $50,000 is an ample subsidy to meet what the act was originally intended to meet, a deficiency in cold storage facilities, and he is saying that without having any knowledge of the conditions existing in Prince Rupert.

Mr. Harkness: All I can say is that we cannot pass special legislation in the case of one cold storage plant out of hundreds or thousands in the country which happens to be located in Prince Rupert or anywhere else.

Mr. Howard: I suggest that the minister can pass regulations which will give him the authority to look at these matters on the merits of each individual case and adjust the subsidy, if necessary, just as is done by the government in many other actions it takes.

Item agreed to.

30. Agricultural economics, $764,345.

Mr. Boulanger: I should like to ask the minister a short question. How much of this money is for economic research to help farmers improve the efficiency of their farms?

Mr. Harkness: Excuse me, Mr. Chairman. There is quite a bit of noise in the house and I cannot hear the hon. member.

Mr. Boulanger: How much of this money is for economic research to help farmers improve the efficiency of their farms from the point of view of business operation? Is this information available to farmers?

Mr. Harkness: All of the work of the economics branch of the department is designed to improve the situation of farmers. The economics branch carries out studies in a very large number of different fields. One of the most important studies they have been carrying on for the last year has to do with farm credit. Another one they have been carrying on for several months concerns crop insurance. They have also been carrying on studies with regard to irrigation developments, particular types of crops, livestock of different kinds and the returns which have been received in various parts of the country and so forth. They do an enormous amount of work from the economic point of view in practically all types of agricultural production. Therefore my answer is that all of this money is spent in economic studies to assist farmers and improve their position.

Mr. Boulanger: What are the results of their research so far as the individual farmer is concerned? The farmer does not know much about the research that the government is doing. I think we should advertise it more in newspapers and agricultural publications.

Mr. Harkness: The head of the economics branch informs me that last year 40 pamphlets were published dealing with the research that had been carried on and for the purpose of making known the results of their research to the farmers who can make use of it.

Mr. Boulanger: Are farmers asking for these reports?

Mr. Harkness: A great many of the surveys made by the economics division have been requested by the farmers. They are undertaking a survey at the present time which was requested by the province of Prince Edward Island. Some of the surveys are requested by provincial governments, some by farm organizations and some by individual farmers. If a number of individual farmers write to the branch and it appears that the survey they request is justified and there is a real need for it then it is carried out.

Item agreed to.

31. Dairy products, $879,544.

Mr. Deschatelets: Has the minister available figures showing the number of pounds of margarine and other spreads produced in Canada last year?

Mr. Harkness: A report was made by the Minister of Trade and Commerce to the house a few days ago outlining the number of pounds of margarine, butter and so on.

Mr. Deschatelets: Is this information given by the Department of Agriculture to the Department of Trade and Commerce?

Mr. Harkness: No. The Department of Trade and Commerce gets it from the dominion bureau of statistics which is under that department and the bureau gets it directly from the manufacturers.

Item agreed to.

32. Grants and other assistance in accordance with the Cheese and Cheese Factory Improvement Act, $1,228,000.

Mr. Howard: Could we have an explanation of the grants and other assistance, how they are spread around and to whom?

Mr. Harkness: These grants for the consolidation and improvement of cheese factories have been in effect for quite a number of years. Up to now I think the majority of cheese factories have had subsidies paid to them at some time or other. At the present time most of the subsidies are paid in cases where you have in the same area or just a few miles apart two or three old cheese factories or a co-operative or the owner of one of these cheese factories wants to consolidate his operations into a larger and more modern factory. He applies for a grant for that purpose. In the same way as we do with respect to cold storage we investigate the matter and if it is justified, if there seems to be a need, it is approved and a contract is entered into. In this case the subsidy is 50 per cent of the cost of the improvement or consolidation as the case may be. Quite frequently you have a case where a combination factory is being erected, one designed to manufacture cheese in one part and butter in another. The grant is only made for that part which is devoted to the manufacture of cheese.

Mr. Howard: I understood the minister to say that the amount is 50 per cent of the total cost as related to cheese.

Mr. Harkness: Yes.

Mr. Howard: Is it a subsidy?

Mr. Harkness: Yes, it is a subsidy.

Mr. Howard: Is there any justification for applying the same theory or principle in this case as in the case of cold storage facilities?

Mr. Harkness: To begin with, the amounts of subsidy paid out are nothing like the amounts which have been paid out in the

case of cold storage facilities. Ordinarily the amounts are relatively small. The general purpose of this is to improve the cheese making facilities and therefore the quality of the cheese, which I think is still essential because we are only now able to sell the best quality cheese.

Mr. Gour: I notice that there is an amount of $128,923 shown as a decrease under this item, and I would like the assurance of the minister that he is not going to commence to do away with part of these subsidies. My hon. friends can take advantage of my experience in this respect in that the 50 per cent grant is more important than the subsidy for cold storage.

This measure was instituted by the Liberal government and the work they did was first class, and that is why Canadian cheese is recognized as the best produced in the world. The subsidies made it possible for the cheese makers to buy the best machinery and the best facilities with which to keep it in good condition. I do not agree, therefore, with my hon. friend the Minister of Agriculture that this amount should be decreased.

In my own village a man had to apply for a subsidy to build a larger building. This was not permitted at that time but it was urgent that he do this job. He was receiving 100,000 pounds of milk per day and he is now receiving 210,000 pounds of milk per day. Anyone who knows anything about milk will realize that 210,000 pounds of milk is "some milk". It was necessary for him to do this work immediately so that the farmers would have a place to which they might deliver their milk and when in this country we are talking about helping farming we refer to amelioration of conditions and the overcoming of our difficulties. We should therefore be increasing rather than decreasing the subsidies.

The Liberal government did a good job and I am hoping that the cabinet will help my good friend the Minister of Agriculture. I know him well enough to know that he wishes to do a good job and I ask every member on the government side to help him out, not here but in caucus. I hope they will get the Minister of Finance to give him the money he needs for we must increase help to the farmers of our country along with the manufacturers of other products. The conditions in the agricultural industry, especially over the last 25 years, have been quite different from those in any other industry. It is not the same thing at all. There is an increase or amelioration of 300 per cent in respect of assistance to other industries and I ask the minister not to forget what I asked him in a friendly way, that he should not reduce too quickly the subsidies for dairy products. I am particularly anxious in this regard because we have been expecting help in my riding and this cheese producer was ready to improve the quality of his cheddar cheese until it was the highest quality in the world. I ask the minister to keep available sufficient money for this purpose and if the Minister of Finance does not agree we will help him out. My only object is to help him and the Tory government to do a good job. They will not do one-half of the job we did but anyhow I will help the minister to do a good job while he is in office.

We are not here to talk politics, we are here to see that the best chance is given for the most effective administration of the agricultural industry. That is the way I speak in this house and I would like to be assured that something will be done so that when the people of my riding, such as this cheese producer of whom I have spoken, need help they will get it in an effective way. This is one of the biggest producers in Canada, right in my own town, and I would like this particular case to be reconsidered by the minister because this year this particular man has spent over $200,000 and he is still short of space in which to receive the farmers' milk.

I do not ask my hon. friend to spend the money for nothing. I think the expenditure on cold storage is justified and I do not think there is any big mistake in that respect. Of course I do not think we should spend the taxpayers' money when it is not necessary, and Mr. St. Laurent was doing an excellent job in this respect, and we should not now put these people in a bad position.

I will not take up any further time, but I repeat that I hope my hon. friend will reconsider this case and will not allow this producer to go without the money he needs. The product he produces is a valuable one and his case should be favourably considered. Every similar case should also, in my opinion, receive the help of this government without the discussion of political issues.

Mr. Harkness: I would like to inform my friend that there is still quite a lot of money here; there is a subsidy of over $1.25 million in the main estimates and another $136,000 in the supplementary estimates.

Mr. Gour: So long as the minister believes that is enough to cover my case and the other cases in a similar category, I am satisfied.

Mr. Howard: I would like to inquire from the minister, noting that in so far as this year is concerned the subsidy payment under vote 32 is something in the neighbourhood of

three times as great as under the cold storage item, whether this same ratio has existed over the past five or six years, or what has been the relationship between the one item and the other?

Mr. Harkness: I might point out that in the supplementary estimates, item 527 shows a further $534,000 for these cold storage subsidies which figure needs to be added to the approximately $500,000 shown in the main estimates book.

Mr. Howard: A total of $1,700,000?

Mr. Harkness: No. There is $1 million as a total. There is $534,000 to be added to the $445,000 shown in the main estimates. You therefore have a total subsidy during this year as far as cold storage is concerned of just under $1 million, and as far as cheese factories are concerned the figures would be a little under $1,400,000.

Mr. Howard: Is this about the same ratio which has existed in past years between grants to cheese factories and subsidies for cold storage?

Mr. Harkness: No. The cold storage subsidy was very much higher than the cheese subsidy in other years.

Item agreed to.

33. Fruit, vegetables and maple products, and honey, $1,814,021.

Mr. McMillan: In regard to item 33, which has to do with fruit and vegetables, I notice that there is about $1.75 million and I would like to ask the minister if this includes any grants, subsidies or price supports?

Mr. Harkness: No, Mr. Chairman, the money used for price supports does not come under this vote at all.

Mr. McMillan: Can we then discuss price supports under item 41 which will come up later?

Mr. Harkness: Yes, that is the place at which to discuss them.

Mr. McMillan: Then I would like to ask the minister the reason for the increase of about $239,000?

Mr. Harkness: Of that $239,000 increase, $210,000 was for increases in salaries owing chiefly to the fact that an increase in salary was given to the civil service.

Item agreed to.

Terminable services—

36. Freight assistance on western feed grains, $17,500,000.

Mr. Hicks: I wonder whether the minister could tell me how much of this $17,500,000 that was spent for freight assistance on grains went to British Columbia. I should also like to point out—and I presume he knows it already—that there is quite a stir in British Columbia to get more assistance in that regard. This stir is chiefly owing to the fact, of course, that the animals and poultry that consume this grain that comes to British Columbia are competing in the open market with animals and poultry that are fed in the neighbouring province. That hardly seems just fair.

Mr. Harkness: Up to date since this program has been in operation British Columbia has received $27,532,000 in round figures. The total amount expended has been $280,741,000. In other words, approximately 10 per cent of this subsidy has gone to British Columbia. For the current year the amount due to British Columbia is $1,526,000 and the total is $17,694,000.

Mr. Regier: Will this freight assistance also be payable on feed grains that are now being shipped out of the Peace river area in British Columbia along the new extension of the Pacific Great Eastern railroad?

Mr. Harkness: The answer is yes, as long as it is a rail movement.

Item agreed to.

Special—

39. For assistance in construction of potato warehouses under terms and conditions to be approved by the governor in council, $35,000.

Mr. Howard: I imagine this item falls into a category similar to that of the other two votes we discussed with regard to grants and subsidies. I wonder whether we could have an explanation of the method for assistance, what limits are on it and so on?

Mr. Harkness: This item is in a different situation from the others. In this case we put up the subsidy for the construction of a potato warehouse only upon the application of a province; and in that case, where the province puts up a third of the cost, we will put up a third of the cost and the people building it put up a third of the cost. In other words, it is a joint dominion-provincial scheme rather than a straight dominion subsidy as in the other two cases.

Item agreed to.

41. To provide for administrative expenses, Agricultural Stabilization Act, $88,390.

Mr. McMillan: I think the minister indicated that this is the place to discuss the price support of fruits and vegetables. I wonder whether he would like to put on the record the different price supports that are established for the different fruits and vegetables?

Mr. Harkness: The what?

Mr. McMillan: The price supports that are now established for the different fruits and vegetables. I should also like to ask the minister whether, if a price support is established very much below the market price, the market price does not gravitate down to or near to the price support level. There were different members of a farm organization here and they said that this result was most likely to come about. I know that in the Niagara district that happened in the case of asparagus. For instance, in 1956 asparagus was selling from 22½ cents a pound to 23 cents a pound. In 1957 the price fell about a cent, and when it fell about a cent members of the minister's party infiltrated among the asparagus growers in the district and blamed it on the former government.

What happened following that? In 1958 the present minister I think set the price support at 17 cents, and the price of asparagus to the producer dropped from 21 cents or 22 cents a pound right down close to the 17 cent level, namely to 17½ cents or 18 cents. I know that in British Columbia there is a different price support. I was wondering whether in the Niagara district and in other parts of Ontario the producers receive the difference between what is received in British Columbia and what is paid there in the Niagara district? I know that a number of other fruit producers, particularly producers of cherries, are apprehensive. Cherries are 2 cents a pound cheaper this year than they were last year. I know that the cherry producers are afraid to come to ask for price supports because they feel that something will happen to them similar to what happened to the producers of asparagus. I should like the minister to comment on that matter.

The Deputy Chairman: It being five o'clock it is my duty, in accordance with the provisions of standing order 15(3), to leave the chair in order to permit the house to proceed to consideration of private and public bills.

At five o'clock the Speaker resumed the chair.

PRIVATE BILLS

Mr. Speaker: The house will now proceed to the consideration of private and public bills, the former having precedence, pursuant to standing order 15(3).

As the house will note, there are three bills standing for consideration in committee of the whole. Is it agreed that all three bills be referred to the committee in one motion?

Some hon. Members: Agreed.

[Mr. McMillan.]

OGDENSBURG BRIDGE AUTHORITY

The house in committee on Bill No. S-12, respecting the Ogdensburg Bridge Authority —Mr. Stanton—Mr. Rea in the chair.

Mr. Howard: I was trying to get some background information on this. In 1952 the bill originally incorporating the company was referred to the committee on railways, canals and telegraph lines, but unfortunately there is no printed record of the proceedings in that committee, and I was not able to get more than a few comments which were made in the house itself.

I have a number of inquiries which I should like to make. Unfortunately I was not able to make them the other day. I have got so many books here, now. I notice that in 1952 when the company was originally incorporated—and we have to compare one thing to the other here—they had authority to borrow $12 million, to issue bonds, debentures and other securities to the amount of $12 million, which was subsequently raised in 1956 to $20 million, and now in this year to $25 million. The thing I was concerned with was whether there was any appreciable effort in 1952 to assess the total cost of this bridge because in a period of six years the estimated cost has more than doubled and this is the second occasion the authority has come here to inquire for a change in the amount of money they are authorized to borrow. In addition to that, under the original act of incorporation, while they could issue bonds, debentures and other securities, as set out in section 12, another section of the act, section 16, gives authority to borrow only $10 million. I wonder why that difference exists, why they can sell debentures for $12 million and only borrow $10 million.

This may all have been explained in 1952 when the committee on railways, canals and telegraph lines dealt with it, but, as I say, unfortunately there was no record kept of the proceedings on this particular bill and accordingly we could not get the information there.

Mr. Stanton: This is a very short bill. I did not know about it coming before the standing committee on railways, canals and telegraph lines. In 1952 when the authority came before the house they did make a low estimate of the cost of the bridge, but since that day the cost has gone up considerably both in material and labour. In 1956 they estimated that the cost would be in the neighbourhood of $20 million.

Work has started at the present time. The contracts are all let, outside of a few dollars that will need to be spent on the approaches on each side, and they now estimate the bridge will cost approximately $22 million.

But it is not their desire to come back to the house again, and that is why they are asking at this time for $25 million, to be able to issue debentures and bonds to that extent. They estimate the cost will only be $2 million more and they are very anxious to get on with the work. In fact, the work has started. The piers are practically completed. The land is practically all purchased for the approaches. As I got the information from the bridge authority, what they are requesting now is that this be passed authorizing them to issue debentures and bonds to the extent of $25 million which they hope they will have to issue only to the extent of $22 million.

Clause agreed to.

Clauses 2 and 3 agreed to.

Bill reported, read the third time and passed.

CONSIDERED IN COMMITTEE—THIRD READING

Bill No. S-13, respecting The Algoma Central and Hudson Bay Railway Company.—Mr. Morton.

CATHOLIC EPISCOPAL CORPORATION OF TIMISKAMING

The house in committee on Bill No. S-5, respecting the Catholic Episcopal Corporation of Timiskaming—Mr. Villeneuve—Mr. Rea in the chair.

On clause 1—*Change of name.*

Mr. Regier: Mr. Chairman, I understand that this corporation is also engaged in the business of lending money. I am not for one moment in opposition to this. I think it is all well and good when agricultural producers—and I understand in this case they are largely that—are able to get assistance by way of capital.

However, since this corporation is, among other more important things, engaged in the business of lending money, I should like to ask the sponsor of the bill to whom this corporation presents an annual report. What is the maximum interest rate being charged on what I understand are these farm mortgages? Also, what is the volume of business in which it engages in one year's time? How much money has it invested in farm mortgages?

Mr. Villeneuve: Mr. Chairman, my understanding based on what the attorney had to say in the committee on miscellaneous private bills, is that at present they have a mortgage of $2,000 bearing an interest of six per cent. That was reduced from somewhere in the neighbourhood of $11,000 a year or so ago. These mortgages have been retired. My understanding also is that these mortgages were bequeathed to this church authority by deceased persons.

Mr. Regier: I wonder if the hon. member would care to answer my other question. Since this is a corporation incorporated by the parliament of Canada I asked to which authority it renders an annual financial accounting of its operations?

Mr. Villeneuve: To its superiors in the church organization. It is certainly checked.

Mr. Regier: What I am about to say I say with all respect to this organization. I know that what I am going to say applies not only to this particular religious organization but also to a large number of other religious organizations in Canada. By way of bequests and otherwise they become involved in financial arrangements. I believe that some Protestant religious organizations are in possession of rather large holdings of real estate. I have always regretted the fact that legally incorporated religious organizations are involved in real estate and have an interest in mortgages and so on and are not required to report their affairs to some civil authority. I should like to see the day when the parliament of Canada or the provincial legislatures pass legislation under which when a religious organization, be it Baptist, Roman Catholic, Anglican or any other denomination, begins to dabble in real estate, the organization will be required to render a public accounting.

Clause agreed to.

Clauses 2 to 9 agreed to.

Bill reported, read the third time and passed.

CRIMINAL CODE

AMENDMENT RESTRICTING CAPITAL PUNISHMENT TO CERTAIN OFFENCES

The house resumed, from Friday, May 30, consideration of the motion of Mr. Winch for the second reading of Bill No. C-3, to amend the Criminal Code (capital punishment).

Mr. P. B. Rynard (Simcoe East): Mr. Speaker, since I last spoke on the floor of the house on the question of capital punishment I have been doing some research into what type of person kills, into the types who may repeat a killing and into the history of the effectiveness of the death penalty as a deterrent to murder. On the other occasion I expressed the opinion that the death penalty should not be abolished through the motion of a private member but rather that if such action were to be taken it should be only after full and complete study by a committee

of this house and the other place. The further research I have done has served to strengthen that first opinion.

I have found in my research that persons who kill can usually be fitted into two principal categories. There is first the cold, premeditated killer who plans his killing long in advance, who attempts to foresee every possible weakness in his plan and who hopes by careful planning to make his crime impossible of solution.

This type of killer usually kills for a definite purpose. He may kill for revenge. He may kill for monetary gain. He may wish to attain power. He always has a motive and once that motive has been achieved—with the exception of course of professional gang killers—he rarely kills again. Such killers when detected almost invariably receive the death sentence and in most cases the sentence is carried out.

The second type is, of course, the emotional killer. He may kill for a variety of reasons. It may be jealousy. It may be a fancied wrong. The slightest thing as trivial as a badly cooked dinner can set off a spark that will result in death. Drinking has also played a part in many such slayings. The majority of such persons are considered legally sane. That is, they have the ability to distinguish between right and wrong and accordingly are fit to stand trial for murder. But I suggest to this house that their emotional instability is such that they may be completely unable to control their actions. It is in such people that the danger of repeat killings lies.

Yet it would seem that the law leans heavily in favour of these emotionally unstable persons. Almost invariably the verdict in such cases is manslaughter. The sentence may be 10 years. It may be less or it may be more but it is a foregone conclusion that in a comparatively short period they will be turned loose again on society, those emotionally unstable people and who can say, if the same set of circumstances arise, that is, if the dinner is burned or if the wife stays out too late at night, or if they again have a few more drinks than they are able to handle, the same people will not kill again? Statistics indicate that the danger exists. These statistics also indicate that the man who commits a premeditated murder, and who does not pay with his life for the killing, rarely commits another crime. In England, over a period of 50 years, there was only one case of such a convicted murderer repeating his crime. In fact, records show that the majority of such people, after attaining their freedom, become good, responsible citizens.

It is because of these things that I say the question of capital punishment—whether it should be retained or abolished—is not something that can be decided lightly by a snap vote in this house.

Who are those people who might be classified as emotional killers? In my opinion, the best survey that I have been able to find is one made by the state of Wisconsin. Strangely enough, this survey would indicate that the path toward killing often began when the killer was still a child, and that in many cases much of the blame rested with the parents. In seven cases out of 10 these emotional killers came from an unfavourable family background. In about 40 per cent of the cases, for instance, either one or both of the parents were alcoholics. In 60 per cent of the cases the child was out earning money before the age of 14 and contributing to the family budget. In 90 per cent of the cases they were making their contribution before they had reached the age of 18 years. It is not surprising, therefore, that the vast majority of those emotional murderers were found to be people who had left school at an extremely early age and who had no opportunity to learn either a trade or a profession.

In 50 per cent of the cases the killer had not as a child been conscious of the love of either his mother or his father, and indeed the feeling of rejection was stronger in at least 20 per cent of those cases who said they hated their parents. Nervous instability is always a very strong factor. Again, in one-fifth of the cases, the killer came from a family where there was a history of insanity, epilepsy, or some other emotional disturbance.

The over-all result of this survey also is interesting, for the statistics indicate that one out of every four people who kill is insane, one out of every four is an alcoholic and one out of every three cases had an I.Q. of below 70 per cent. Unfortunately, there appear to be no such statistics available in Canada, but it is the sort of information that I believe is essential to any full and effective study of the question of capital punishment. I believe that such a survey should be attempted.

Of course, Mr. Speaker, it seems to me to be at least somewhat anomalous that we should be here discussing the fate of an individual in view of the situation in the world today. This afternoon the world is divided into two armed camps capable of mass murder and legal slaughter, but we in this house are spending some hours discussing a measure that concerns only an individual and can affect at most only the occasional person in our population. And perhaps, in this very fact that we can discuss capital punishment while the world faces the horrible prospects of

war lies the great hope for democracy as we in Canada believe in it, and the best chance of freedom for people now enslaved by ideologies abhorrent to us in this house. But it is a fact, Mr. Speaker, that the nations of the world, while uttering lip service to the humanities have not become less cruel with the passing of time. Indeed the history of the world and the history of killing are so closely related that the history of one is almost the history of the other. We are almost forced to the conclusion that man has shown greater ingenuity in inventing and perfecting methods and machines for killing his fellow man than in any other pursuit.

Had the money devoted to the development of the atomic and hydrogen bomb been used in medical research I wonder whether we would not long since have found a cure for cancer, for multiple sclerosis, for muscular dystrophy and those other conditions which still, in far too many cases, mean death and a more certain death than the legal sentence of a court that a man shall be hanged by the neck or strapped in an electric chair, or placed in a metal cylinder with a dish of acid and a cyanide pellet to kill him. I wonder, too, whether, ironically enough, we do not find in today's international situation the ultimate example of the effectiveness of capital punishment as a deterrent to murder.

After world war II the western powers, the victors, decided that in the years to come men must never again embark on war; there must be before such men the threat and the fear of personal punishment. Therefore, it was decided to seek out those Germans whom the western powers believed responsible for the last war and to bring them to trial. Hitler, the author of the conflict, escaped through death by his own hand in a Berlin bunker. Goebbels, another of the arch conspirators, went with him; but the majority of the others were rounded up. An international court of justice was set up at Nuremberg. The accused were given the protection of the western concept of law. They were faced by their accusers. They heard the evidence against them. They had the opportunity of putting in their defence. Day after day the proceedings went on. Day after day thousands of words went out to the newspapers of the world. Never was a trial attended by so much publicity. In the end what happened? Twenty-two high-ranking Nazis were convicted of war crimes. Eleven were sentenced to death. With the exception of Herman Goering, who evaded the hangman by use of a secreted cyanide pellet, they went to their deaths in a mass execution, at which the world, through press, radio and films, occupied a ringside seat.

Has the death by hanging of those 10 top-ranking Nazis as the result of the action of the international court of justice been a deterrent to international crime? I have my own opinion of course, but Mr. Nasser, Mr. Khrushchev and Mr. Stalin, if he were available, would be more competent witnesses than I.

There is one other aspect of this matter of capital punishment that I believe merits some attention. Respect for law in general is the foundation of our whole system of democracy under which neighbour is able to live peacefully with neighbour. In this connection I wonder, should the government decide to set up a parliamentary committee to study this whole matter of capital punishment, whether one of the directions to that committee should not be to make a study of public opinion on capital punishment? When I say "public opinion" I mean just that. I do not mean the officials and the lawyers of the crown; I do not mean only the psychiatrists, the penologists and the welfare workers; I mean plain John Doe who is quite likely some day to find himself a member of a jury trying somebody for murder.

I make this suggestion because my study of the effectiveness of capital punishment has made one thing clear to me. In my previous remarks on this matter I mentioned that there was a time in the United Kingdom when more than 100 crimes were punishable by death. Members may be of the opinion that it was the professionals, the lawyers, the parliamentarians, the crown officials, who cut that vast total down to the comparatively few that remain today, but I differ because I firmly believe that it was the plain Jones, Smiths and Browns who sat on these cases as jurors who forced the change. With their power they refused to bring in verdicts where the law said that the crime merited death. Their constant refusal to convict in capital offences was, in my opinion, one of the great factors in bringing about moderation in the British concept of justice.

I do not intend to interpret what is in the minds of the men who make up the juries in Canadian courts of criminal law today, but it does seem to me that there is an increasing tendency to bring in a verdict of manslaughter when even 10 or 15 years ago the same set of facts would have resulted in a verdict of murder and probable death by hanging. It seems to me that there would be a great deal of merit in studying the facts of the so-called murders of recent years and the verdicts of the juries who were best acquainted with these facts. Out of such a study I think a pattern would emerge that would be the best indication of the actual thinking of the Canadian people today.

With such information before us I believe that we could place a measure of punishment on our statute books that the Canadian people more nearly believed to be fitted to the crime. By doing so we would increase respect not only for the law as it applies to murder but also for all laws, respect for which is so essential to Canadian community living.

Mr. A. D. McPhillips (Victoria, B.C.): Mr. Speaker, at the outset I should like to say that I am very much surprised at the source of this bill. The sponsor of the bill is well known in the political life of Canada and for many years before being associated with the political life of Canada was well known in the political life of my home province of British Columbia. It is not many years ago, Mr. Speaker, since the group to your left advocated that all the rich should be shot and everybody with a buck should be machine gunned.

Mr. Winch: On a point of order, Mr. Speaker, I ask that that be withdrawn. We are a democratic party. Mention was made of myself. For 20 years I had the honour of being member of the British Columbia legislature and for 12 years of that time I was leader of the opposition. I deny that I or the members of this party have stood for violence at any time. We have always stood for our democratic constitution. I ask, sir, that the hon. member withdraw his most despicable implication that either I or this party have ever stood for persons being shot by machine guns or in any other way. I ask, sir, that that statement be withdrawn immediately.

Mr. Speaker: So that I may be clear, would the hon. member indicate exactly what words he complains about?

Mr. Winch: Well, I have not got *Hansard* but my hon. friend—I am going to withdraw that—the member who has just spoken made a statement about myself with reference to the years when I served in the legislature of British Columbia to the effect that we had a policy that the rich should be killed in certain ways I am not going to mention. I ask that that be withdrawn immediately and that an apology be made not only to myself but to my party in the house.

Mr. McPhillips: In speaking to the point of order, may I say that I made no remark that the hon. member for Vancouver East was personally involved. I was dealing with the policy of the group to your immediate left some years ago.

Mr. Winch: Then as a representative of that group—

[Mr. Rynard.]

Mr. Speaker: Order.

Mr. Winch: —I deny that any such policy has ever been followed in British Columbia or in Canada.

Mr. Speaker: One at a time, please. The hon. member will please complete such explanation as he wishes to make about what he said.

Mr. Regier: On the point of order, I very definitely heard—

Mr. Speaker: Order. I am not sure whether the hon. member for Victoria (B.C.) had finished what he wanted to say. He may wish to modify or withdraw in view of what has been said by the hon. member for Vancouver East.

Mr. McPhillips: Mr. Speaker, I was not dealing with any particular hon. member. I was simply dealing, and I submit I am entitled to my opinion, with the policy some years ago of the group that sits to your left which I contend was as I have outlined, and I must admit that is what upsets me. It has deteriorated so greatly that I wonder why they now turn pale at the old British practice of hanging.

Mr. Speaker: The hon. member for Victoria has explained that his remarks were not intended to refer to the hon. member for Vancouver East but to a group of which the hon. member is one. Undoubtedly the remarks of the hon. member for Victoria have given offence to the hon. member for Vancouver East and, having that in mind, perhaps he would wish to modify what he has said before I indicate my views about the remarks that were made.

Mr. Hamilton (York West): Mr. Speaker, on the point of order, I think the hon. member for Victoria has given a very adequate explanation of his words and I do not think a question of privilege has been raised. There were no personal remarks referring to the hon. member who has raised this objection. Surely the hon. member for Victoria has a right to express his conviction with respect to what he thought was a policy of a political party.

Mr. Speaker: What I said was that perhaps in view of the offence that has been taken by the hon. member for Vancouver East at what was said the hon. member for Victoria would wish voluntarily to modify what he has said. I am not directing or deciding anything at the moment. Perhaps the hon. member may wish to do so.

Mr. Winch: Mr. Speaker, I am asking more than that.

Mr. Speaker: Would the hon. member for Vancouver East please contain himself while we hear whether the hon. member for Victoria has anything further to say on the point.

Mr. McPhillips: Mr. Speaker, I certainly would go this far. I did not mean to imply that the hon. member for Vancouver East would have done any shooting but I still contend that I am entitled to express my impression of the policies of the group to your left some years ago.

Mr. Winch: May I rise again, Mr. Speaker? Very definite mention was made not only of me but of the group which sits to your left. You will remember that that was done and that a statement was made about policy. I am a founding member of the group which sits to your left which was established in 1932. I am very proud of it and of having had the honour of being one of the first C.C.F. members ever elected to a parliament in Canada. Therefore I ask for a retraction not only as far as I am concerned as an individual but for the group I represent because the hon. member made the definite statement that we had a policy of violence, murder and shooting. I am asking that that be retracted not only with reference to myself but on behalf of the party I have had the honour to represent in one parliament or another since 1933.

Mr. Speaker: I think the hon. member for Vancouver East is taking more out of what was said than was implied. I remember quite distinctly that although the hon. member for Victoria began talking about the hon. member for Vancouver East, when he made the statement about a policy of shooting capitalists it referred rather generally to a group or party. It has been the practice in the house, as the hon. member will recall, that unless an allegation is made specifically against a member I have not felt it to be my responsibility to compel the hon. member to retract beyond what he himself feels he should retract.

Mr. Winch: Mr. Speaker, may I direct a question to you, sir? We in this group as members of the C.C.F. are members of a democratic party, and one cannot be a member of a democratic party in this country if one's party is a party of rebellion, of murder or of bloodshed. I ask you, sir, if we as members of the C.C.F. party in this house cannot ask you to have withdrawn that kind of aspersion and vilification against our party?

Mr. Speaker: I have already expressed my view and of course what the hon. member has just stated is not what was said. It was perhaps a rather strong metaphor indicating that a party was opposed to capitalism but I did not read into it, and I do not think the hon. member should read into it, any allegation that he himself is in favour of violence.

Mr. Winch: Or the C.C.F.

Mr. McPhillips: In any event, I find it somewhat surprising that this group now pales at the old historic process of British hanging. I have always believed, as I believe now and as I think I will always conscientiously believe, that the hangman is an influence for good. I have formed that conclusion over a number of years—

Mr. Pickersgill: Perhaps the hon. member thinks the hangman should also be the prosecutor.

Mr. McPhillips: As a practising lawyer I have acted for the defence in capital cases, and I have also prosecuted for the crown in capital cases. In my province this year we are celebrating our centenary and in some of the publicity about it, in dealing with our history, some misguided persons have referred to the late Chief Justice Sir Matthew Baillie Begbie as the hanging judge.

Sir Matthew Baillie Begbie was no more a hanging judge than any other judge; judges are only hanging judges because they must pronounce the sentences provided by the criminal law of Canada. I want to refer in the course of my argument to one way in which that long since deceased judge was able to effectively influence a large group of people. This incident occurred many years ago during the Fraser river gold rush at the then city of Yale where some 2,000 unruly miners who were in the habit of wandering around fully armed, usually carrying two guns and a bandolier of shells—they were not British Columbians for the most part—

An hon. Member: C.C.F.'ers?

Mr. McPhillips: When the chief justice arrived in Yale with the British Columbia police chief—and in those days the British Columbia police consisted of one man, Chief Chartres Brew—there was rowdyism going on, but the chief of police managed to get order. The chief justice got up on a stump, and with his rather stern visage, surveyed this group of rather lawless individuals and, having obtained order, he said "Now, gentlemen—" —I think he was very kind—"I just want to make one observation, and that is this, if there is a shooting I can assure you there will be a hanging." That had a great effect amongst that group of lawless people and there were very very few capital cases in that area.

I would like to speak for a moment or two on my experience in the courts of law in

regard to capital cases. When one acts for the defence in a capital case one is always nervous and there is a great deal of tension involved, but I must admit that I cannot remember ever thinking or hoping that because of this nervousness and tension the sentence of hanging should be abolished. That has never entered my mind. In prosecuting for the crown one is in a different position; there is not the same responsibility or duty on the prosecutor for the crown. He must not struggle for conviction—we simply produce the evidence and the verdict of the jury is what governs. It is not and it never has been under our system of criminal jurisprudence easy to get a conviction for murder.

I can think of one instance in the year 1944 when I conducted an assize for the crown in the city of Vancouver, and on the docket we had four murder cases. There was one conviction and one hanging; there was one acquittal and there were two manslaughter verdicts. One man got a fairly heavy sentence and the other a fairly light sentence. I think most practising lawyers will agree that this is about the average for these cases.

I know, and this is confirmed in the joint committee report of 1956, that there are those who think innocent men may be hanged, but I think this possibility is very remote. Those of us who practise in the courts of Canada know that with all the protection that a British court of justice places around an accused person—and this I conscientiously believe—it is almost impossible for an innocent man to be found guilty of murder and subsequently hanged.

We also have those who refer to the horror of the hanging itself. It must after all be remembered, however, that a hanging only follows a conviction and while it may be said that it is a horrible affair and a degrading affair, murder is also a degrading affair. I think we must keep in our minds the proper perspective of the conviction and the subsequent hanging. Once there is a conviction of murder the subsequent hanging is something with which we do not need to concern ourselves too much.

In the report of the joint committee of 1956 it was pointed out—and I think this is very significant—that in every case the law enforcement officers of the provinces, with the sole exception of Saskatchewan, were of the opinion that the death sentence for murder should be retained.

As I said in opening my remarks, my experience has led me to believe that the hangman is an influence for good. We are, after all, dealing with murder and we need not worry about cases of homicide committed in a moment of passion because a British jury will never bring in a verdict of murder there—that is manslaughter. We need not worry about cases of justifiable homicide because they result in acquittal. My experience is not as large as that of some others, but I believe you only get a verdict of guilty from a British jury when it is a case of cold-blooded murder and I contend that if it is a case of cold-blooded murder the hangman has his proper place and it is a good thing for the country that this system exists.

Mr. Frank McGee (York-Scarborough): Mr. Speaker, I find myself in a rather curious position in disagreeing with practically everything that has been said by a member of my own party and agreeing substantially with the hon. member for Vancouver East (Mr. Winch). This is one of those rare occasions on which I think we agree. I agree with him to the extent that I do not think the deterrent aspect of capital punishment can be established. I have received the reports of the joint Senate and Commons committee on capital punishment and of the royal commission in Great Britain. Nothing in that evidence has led me to the conclusion that the deterrent aspect can be upheld. The same thing goes for the arguments advanced with regard to the protection of the police. For other reasons I reject out of hand the attempts to relate statistics, in terms of their unreliability, saying for example that 15.9 murders occurred per 100,000 people in certain areas and comparing that figure with the figures for certain other areas.

In my opinion the factors at work to bring about the conditions leading to murder cannot be simply put through an I.B.M. machine and an effective argument produced. Arguing from the point of view that capital punishment should be abolished, I should like to say that in my opinion I do not think our legal system as presently constituted or as it is expected to be changed can reach a sufficiently certain conclusion to justify the taking of a man's life. A man's life is something far more important than any other factor or than any other event that can occur in any of our lives.

Let us look at the situation concerning the structure of the law and what is involved in the trial. We have the judge and his attitude and influence. If he has certain tendencies which would tend to prejudice his position and direct the attention of the jury to a verdict of guilty of murder, how can those tendencies be detected? If they are detected, how can they be corrected under our present system? Yet I believe that in some cases this attitude on the part of judges exists. My friend the hon. member for Victoria, B.C. (Mr. McPhillips) mentioned prosecutors. Prosecutors in

the main have considerable experience in the treatment of such cases. They can bring to them background, they have experienced assistants and facilities to gather a prodigious amount of evidence.

Mr. Winch: Leading to conviction?

Mr. McGee: Not necessarily; and here we are disagreeing again. On the other hand the defence, in the case where the defendant is not a rich man or if a cause celebre is not involved, is most likely to end up with legal aid and in that case, I submit, with a counsel who is not as experienced as is his counterpart the prosecutor. From my observation, my readings and my research in this matter, I am led to believe that in the great majority of cases the odds are loaded against the defendant in a murder trial on that basis alone. Then we come to the jury and I can speak with some more authority, if you like, in this regard, having served on two consecutive murder juries a few years ago.

An hon. Member: Did you convict?

Mr. McGee: As a matter of fact, for the record, in both cases we did bring in a guilty of murder verdict. In both cases the guilty of murder verdict was appealed. In both cases the verdict was disallowed and the appeal was granted on the basis of misdirection on the part of the judge. In one case the charge was reduced to manslaughter in a subsequent trial, I believe, and in the second case the man was committed as being insane. Yet within that framework, within the framework of the law and the structure of the law as it exists and as it was put to us, there was virtually no alternative to the verdict which we in fact brought in.

But there are other aspects of this matter of the jury that I think bear discussion and mention here. One is the presence of people of sadistic inclination. I can draw no other conclusion from the result of a jury vote, having acted as foreman of the jury. When the votes and slips and paper were handed to me at a certain stage of our deliberations I found that one of the members of the jury had drawn a sketch of a man hanging from a scaffold. Does that indicate a normal and reasonable attitude to this subject on the part of the juror? There is the question of the ability of jurors, on the basis of the selection presently carried out, to cope with the complicated medical and psychiatric evidence where you have, as happened in one case, three and four psychiatrists offering authoritative medical opinion. During the greater part of that time a substantial percentage of the jury were not aware of what any of those doctors were talking about. They all reached a different conclusion, all for some excellent and impressive sounding medical reasons.

The other story, of course, bespeaks attitudes of the men who get to be jurors. I simply offer one example to indicate an approach taken. One of the cases involved an Italian immigrant who had been involved in a knifing. The attitude expressed by one of these jurors was: "I think we should hang him as an example to any other immigrants coming into this country". I do not believe this attitude, this frame of mind, has any place in the consideration, under our system of justice, as to whether a man is guilty or not guilty or whether he should or should not be hanged.

If I may have one moment beyond six o'clock, Mr. Speaker, I should like to say that capital punishment cannot be abolished. Last week we were told in Toronto that a certain packing company has erected a device for disposing of pigs, something which cost them $50,000. This step was largely as a result of effort by humane-minded people to bring about the humane slaughter of pigs. I suggest that if the manner in which we are now executing people found guilty of murder were proposed as a method of disposing of or slaughtering food animals in any slaughter house in this country we would have something approaching revolution on our hands. May I move the adjournment of the debate.

Mr. McMillan: Mr. Speaker, I rise on a matter concerning every member in this house. For the last hour there has been no member of the cabinet in his seat. I think the government should show more respect for parliament.

Mr. Benidickson: They have the radio system.

An hon. Member: This is the hour for private bills.

On motion of Mr. McGee the debate was adjourned.

Mr. Speaker: Is it the wish of the house to resume in committee before rising?

Some hon. Members: Agreed.

SUPPLY

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

The Chairman: It being six o'clock I do now leave the chair.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

DEPARTMENT OF AGRICULTURE

41. To provide for administrative expenses, Agricultural Stabilization Act, $88,390.

Mr. Harkness: Mr. Chairman, immediately before we adjourned for the private members hour, the hon. member for Welland had asked a series of questions. First, he wanted to have me put on record the different price supports that are established for different vegetables. I have that information here. There are soybeans which are supported at $2.10 a bushel and sugar beets which are supported on a differential basis according to what the prices have been, as laid down by the stabilization act—the average price over the last 10 years. The support price in Alberta is .0099 cents, in Manitoba, .0938 cents, in Ontario, .0798 cents and the same in Quebec. Tomatoes are supported, choice in case, at $5.20 a case; asparagus, Ontario No. 1, 18 cents a pound in Ontario factories and 17 cents a pound at British Columbia factories. Those are the vegetables that are supported.

The hon. member also asked whether, if a price support is established very much below the market price, it does not gravitate down to or near the price support level. If that is the situation I would point out the example of hogs. Hogs have been supported for several years at $23 a hundred. They have varied in price, going up to $35 during that period. At the present time they are supported at $25 a hundred and the present price, as I recall it, on the Toronto and Montreal markets is around $32 a hundred. I think that is an example of the fact that you can have a support price and it does not become a ceiling price, which I think is what was in the hon. member's mind.

These are the questions that I have that the hon. member mentioned. He said something about asparagus. He said: "I know that in the Niagara district that happened in the case of asparagus. For instance, in 1950 asparagus was selling from 22½ cents a pound to 23 cents a pound. I do not know what it was selling for in 1950—"

Mr. McMillan: Pardon me, but I said 1956.

Mr. Harkness: Then the hon. member goes on to say: "In 1957 the price fell about a cent, and when it fell about a cent, members of the minister's party infiltrated among the asparagus—" I do not know anything about any members of my party having infiltrated into the Niagara area. Certainly, I did not send anyone round there, and unlike some of his political associates I have no goon squads, and have never had any. With regard to the remainder of the questions which the hon. member asked, I have not got the sheet and I cannot recall them. Perhaps the hon. member would like to ask his questions over.

Mr. McMillan: Could you tell us the support prices on fruits?

Mr. Harkness: The only support price is on raspberries which, packed in SO2, are supported at 14½ cents a pound at British Columbia factories and in frozen form at 15 cents. This is not fresh fruit. It is put up in SO2.

Mr. Herridge: I had occasion to spend the morning and the afternoon in the veterans affairs committee, so I have not been very much of a nuisance to the minister today but I do rise on this item to bring briefly to the attention of the committee the situation of the British Columbia fruit growers, because I find some misunderstanding and failure on the part of many members of the public in general to realize their need for assistance and the modest nature of the request put forward by the British Columbia fruit growers.

I was advised that about the middle of June they made certain submissions to the stabilization board asking for differential payments for certain tree fruits, and they wanted those submissions to receive the earliest attention as the industry was awaiting the outcome with great anxiety. They also informed me that they would regard this as an indication of the government's intention in the field of price support. I presume that they supplied a number of hon. members with their submission to the board regarding the British Columbia apple crop, 1957, and so on. I will quote briefly from this submission to indicate clearly to hon. members the position of the fruit growers with respect to the 1957 crop.

Before doing that I want to quote the paragraphs in the brief dealing with the cost of production of a packed box of apples and the same applies to the cost of production with regard to other tree fruits in respect of which they have asked for deficiency payments. The submission in this respect reads as follows:

> We have based our estimate of the cost of producing a box of apples on statistics provided by a Canada Department of Agriculture publication called "A Study of Apple Production in the Okanagan Valley of British Columbia 1949", a report of a survey of 153 Okanagan Valley orchards conducted by D. W. Ware, E. D. Woodward and H. W. Trevor during the years 1948-49.

You can see that they arrived at the figures for the cost of production of these various

[The Chairman.]

tree fruits on the basis of information contained in a recognized government statistical survey.

With respect to apples they had this to say, and I am simply going to give the summary of their conclusions in each case so that hon. members will be informed of the seriousness of the situation. The summary with respect to apples is as follows:

> The foregoing we believe reveals that B.C. Tree Fruits Limited, under extreme difficulties succeeded in disposing of the whole apple crop produced within the area under the jurisdiction of the Natural Products Marketing (British Columbia) Act. The average net return per box of apples to the producer was 87 cents and the estimated cost of producing a box was $1.79. The final out-turn on the season's operations of producing and marketing the B.C. apple crop was an average net loss to the grower of 92 cents per box.

I believe that clearly indicates the position of the apple growers in British Columbia with respect to the 1957 crop. I turn now to the apricot crop. Again I will read the summary from the brief to save the time of the committee and to put the facts before hon. members. The submission in this respect reads as follows:

> The estimated return per ton to the producer on the 1957 apricot crop will not exceed $69.58, whereas the estimated cost of production per ton was $137.61, leaving a net loss on the season's operation of $68.03 per ton.

That shows the position of the apricot growers and the need for something to be done not only to provide some assistance in the form of deficiency payments for the 1957 crop but the need for something to be done by this government to ensure that the situation is not repeated in future years as a result, shall I say, of unfair competition from certain sources.

I turn now to the question of crabapples. The summary reads as follows:

> The average net return per box of crabapples to the producer in 1957 was an estimated 62 cents and the estimated cost of producing a box was $1.79. The final out-turn on the season's operations of producing and marketing the British Columbia crabapple crop was an average net loss to the grower of $1.17 per box.

That, I believe, clearly indicates the position of the growers who were producing crabapples although that tonnage is not high in relation to apples and some of the other crops.

I come now to peaches. The peach growers in south Okanagan and in some sections of my riding have been facing a difficult problem. The summary in the submission in this respect reads as follows:

> The average estimated net return per ton of peaches to the grower in 1957 amounts to $76.04 against an estimated cost of production of $116.85 per ton, leaving a net loss to the producer of $40.81.

It can be seen that the same situation exists with respect to peach growers as exists with respect to the growers of apples, crabapples and apricots.

We turn now to the final crop for which some assistance is requested and that is prunes. The summary in this respect reads as follows:

> The average estimated net return per ton of prunes in 1957 was $46.14 to the producer against an estimated cost of production of $96.81 per ton, leaving a net loss to the producer of $50.67 per ton.

I have quoted briefly from this submission. I am sure the minister is very well informed of the position of growers with respect to the 1957 crop. Mind you, the greater proportion of these growers are in the Okanagan district but on their behalf I urge that serious consideration be given to their representations which in my opinion are extremely modest indeed in relation to the net loss they have suffered on these various tree fruits. Consequently I urge the minister to make the long expected announcement in this respect as soon as possible because they are all on edge out in British Columbia awaiting word from the minister in this connection.

Mr. Harkness: Mr. Chairman, I have always had a very great admiration for the command of English and the precision of word usage on the part of the hon. member for Kootenay West and therefore I was somewhat shocked when he started out by saying he was going to indicate the very modest nature of the request of the British Columbia fruit growers. The hon. member should consult the Oxford shorter dictionary or better still the full edition as to the definition of the word "modest". If he were to do that I doubt very much if he would argue that it is a term that can be properly applied to the requests of the British Columbia fruit growers in respect of the 1957 crop.

If I recall correctly their request was for a subsidy or whatever you may wish to call it in the neighbourhood of $7.4 million which is about as much as the entire fruit crop sold for and I can hardly look upon that as being properly described as modest.

I do not wish to engage in any discussion or argument with the hon. member concerning the extremely complex and difficult situation which exists as far as fruit production in British Columbia is concerned.

Mr. Benidickson: Why not?

Mr. Harkness: If you take the figures produced by the cost of production survey made in 1949 which served as the basis of computation for the figures produced by the British Columbia fruit growers and then apply the index figure for the cost of goods and

services in 1949 you still get a price of not much more than $1 for a box of apples and it may even be less. I do not suggest that this calculation gives you a correct figure but I used it for the purpose of this illustration. The figure of $1 is a long way from the figure of $1.79 which I believe was the figure referred to by the hon. member for Kootenay West. It runs in my mind that this was the figure the British Columbia fruit growers arrived at as representing their cost of production.

I must say that when cost of production figures are presented to me it does not serve any very good purpose if the figures are out of line and in fact it serves to operate in the reverse because it makes me look with grave suspicion on the whole submission. When you are given what can only be described as a fantastic figure which purports to represent the cost of production of a product it inclines you to examine the whole submission with very great care.

I regret that it has not been possible to announce whatever may or may not be done with respect to the 1957 British Columbia apple crop prior to this time. I do not have with me the file on this matter but in answer to a question asked by the hon. member for Kootenay West I placed on the record the date on which we received from the British Columbia growers the request for assistance with regard to the fruit crop. We wrote asking for further information in regard to the apple crop and it was finally received about ten days ago. We have been considering the matter since it was received. It has not yet been possible—for one reason, namely that, as the hon. member knows, I was away from here some five days preceding last Wednesday and necessarily so—I regret to say, to make a definite determination in regard to this matter prior to this date but I expect it will be done in the very near future.

Mr. Herridge: Briefly, in reply to the minister, last evening the minister in reply to a certain statement I made said "I am a very modest person." I use the word "modest" in exactly the same sense.

Mr. Harkness: You asked me whether I had not been hiding my light under a bushel.

Mr. Herridge: When one reads the whole story of the requests from the British Columbia fruit growers association for assistance from the federal government over the years, I think it is quite fair to say that their requests have been very modest indeed. The assistance given to the British Columbia fruit growers association to date for a box of apples produced in British Columbia since assistance was first given is, as the minister knows, only a fraction of a cent a box.

Anyway, in conclusion, I do hope that the minister reaches his decision as soon as possible and I am quite confident, knowing the officers of this association for a good many years, they did present a submission which, based on facts, justifies serious consideration by this government.

Mr. Benidickson: I note with pleasure that the hon. member for Brant-Haldimand is acting as chairman of this committee. It is very appropriate when we are discussing an agriculture estimate. Has the Minister of Agriculture the figures available as to exports and imports between Canada and the United States with respect to the apple crop of both countries?

Mr. Harkness: We have not those figures here, Mr. Chairman, but I can say roughly—this is confirmed by my officials here—that over the past 10 years we have exported about twice as many apples to the United States as we have imported from them.

Mr. Benidickson: It may not be appropriate on this item, but would the minister consider it and give me in somewhat broad terms the relationship of the exports and imports with respect to potatoes?

Mr. Harkness: If the hon. member would wait a moment the officials think that perhaps they can look it up. We can go on with something else and I will come back and answer it.

Mr. McMillan: Has the minister any figures as to amounts paid out under the Agricultural Stabilization Act?

Mr. Harkness: Mr. Chairman, there was tabled in the house a short time ago a report of the operations of the Agricultural Stabilization Act and the Agricultural Prices Support Act for the end of the last fiscal year. Most of that was in connection with the Agricultural Prices Support Act, because the stabilization act came into effect only on March 1, so there is only a month of the stabilization act figures in that report. We have really no figures that I can give the hon. gentleman as to the cost of operations since that time. I might say that most of the operations have been purchase operations. We have purchased various commodities and we have not yet resold them; therefore we do not know what the cost will be. The other operations are ones in which we have guaranteed a deficiency payment. In other words, we have guaranteed a certain support price and if the commodity is sold at less than that support price we will make up the difference. We have not had any results of the sales yet, therefore we have

not paid out anything under those programs. As a result I am not in a position to give any figures as to what the cost has been up to the present time.

Mr. Argue: Can the minister give the committee some idea of those commodities which are now being supported at prices higher than the current market price? I would think that in regard to hogs, steers and lambs the support price is so much lower than the market price that it is not likely the floor price will be paid during the present year. I would like to know what commodities are being supported at the present time at prices below the market price and what commodities are being supported at prices higher than the market, and what commodities are being purchased? The minister referred to some commodities which are now being purchased and that other commodities have support prices. I think we can get some idea, at any rate, as to what commodities in fact are likely to have some real support under this act.

Mr. Harkness: To begin with, Mr. Chairman, only one of those commodities under the stabilization act has real support under it. I am glad to say that so far as the majority of those commodities is concerned, the present market price is above the support price.

Mr. Benidickson: Every product.

Mr. Harkness: No, not every product. In the majority of products it is above the support price. The hon. member for Assiniboia mentioned cattle, sheep and hogs. I might say there is a great deal of, we will say, perturbation amongst a large number of hog men to whom I have spoken in the past month as to whether the price will not go down to the support price this fall. I sincerely hope that it does not go down to the support price, but nevertheless, as I say, there is a great deal of fear on the part of a large number of hog producers that that will be the situation and they are extremely glad that the support price is at $25 a hundred rather than at $23 a hundred.

As to the specific question of what commodities are supported above the market price, they are butter, cheese, skim milk, wool and, until very recently, eggs. Eggs are now, I am glad to say, above the support price; but all of these commodities have been or are above the ordinary market price; that is, the support price is above the ordinary market price and we are buying them as a result of that.

Mr. Argue: For example, butter is supported at 64 cents a pound. Can the minister tell us how much that is above the market price?

Mr. Harkness: Naturally, as the hon. gentleman knows, if we are buying butter at 64 cents, that keeps it at 64 cents. It is not allowed to fall below 64 cents. If there was no support price there I do not like to venture to predict what the price of butter would be, but I know it would be a great deal lower. The hon. member knows that butter is selling in London, England, probably the greatest world market there is for butter, at 23 cents a pound.

Mr. Benidickson: We have just passed the first third of the fiscal year for obligations under this act. Has the minister any estimate of gain or loss or whether we are ahead or behind with regard to the act in the first third of the current fiscal year?

Mr. Harkness: It is impossible to be ahead from a financial point of view as far as this act is concerned. Any estimate that would be made would be an estimate of how much was paid out under the act, and that is the type of estimate which I think the hon. gentleman realizes it is impossible to make. If the general world price of eggs, for example, drops to 50 per cent of what it is at the present time our obligations with respect to eggs are going to be very heavy but if the general world price of eggs remains at about what it is at the present time and we do not have terrific over-production of eggs—

Mr. Benidickson: Eggs are above the support price.

Mr. Harkness: They are at the moment. They were not until about a week or two ago. I just take that as an example. If we do not have a big over-production of eggs in Canada then the cost will not be too great, and the same thing applies to every other commodity. If the general price at which hogs can be exported to the United States fell below $25 a hundred then our obligations under this act would again become very heavy but as long as we can still export a certain amount of pork to the United States and their price remains about at the level it is now we are not going to have to pay anything under the stabilization act. As I say, this applies to every commodity. It depends entirely on how the general outside market for goods goes and what the supply of those goods is in Canada during the particular season.

Mr. Benidickson: I can quite understand that the Minister of Agriculture would not be able to tell us, for instance, what the relative holdings of products under stabilization prices were as of yesterday, which was the end of the fourth month of the current fiscal year, but perhaps as of a month ago

he might be able to tells us in relation to the previous year what were the stocks of the products that it was necessary to purchase under the price stabilization act.

Mr. Harkness: We have quite a list of stocks. I understand the hon. member wants the stocks we hold at the present time compared with the stocks held at some previous time. The stocks held at the present time are as follows—

Mr. Benidickson: What date?

Mr. Harkness: July 25. Butter is roughly 59 million pounds. It is split into four different types of butter but when they are added together it comes to roughly 59 million pounds. With respect to dry skim milk, spray process, 1957-58 purchases up to May 1, 1958, were 14,801,000 pounds and 1958 purchases after May 1, 1958 were 24,362,000 pounds or a total of 39 million pounds. The figure for roller process was 5,394,000 pounds. These are rough figures. The figure for cheese was 5,639,000 pounds. Eggs, frozen whole, owned by the board totalled 3,194,000 pounds. Grade A large oiled eggs totalled 59,965 cases and eviscerated fowl totalled 831,000 pounds. These are the stocks which we hold at the present time.

Mr. Benidickson: I was asking for a comparison with the year before if they were similarly supported a year ago.

Mr. Harkness: Unfortunately we do not have those figures here. As it happens, these figures just go back to March 11.

Mr. Benidickson: That is satisfactory. I will put a question on the order paper.

Mr. Argue: Can the minister tell us the names of the members of the advisory committee, how often the advisory committee has met and what is their remuneration or what expenses of members of the committee are paid?

Mr. Harkness: Unfortunately I have not got a list of names here but I think we can reconstruct it quite readily. The members are Mr. Dewar from Prince Edward Island, Mr. Lutes from New Brunswick, Mr. Lemoine and Mr. Ferron from the province of Quebec, Mr. McCague and Mr. Hill from Ontario, Mr. McAllister from Manitoba, Mr. Turnbull from Saskatchewan, Mr. Don McKinnon from Alberta and Mr. Ellison from British Columbia.

Mr. Argue: Can the minister say what these people are paid for the time they spend at meetings and how many meetings of the advisory board have been held?

Mr. Harkness: There has been a change recently in this regard and I was trying to get it straight in my mind. The members of the board were paid $35 a day for expenses plus their transportation expenses. They represented that they did not find this sufficient to cover their expenses and it has now been changed to $35 a day plus their expenses.

Mr. Argue: I am sure no one in the committee has any objection at all to the amount that the minister has stated is being paid to the members or the committee. Can the minister say how many meetings have been held and how many days have been occupied in sessions of the board.

Mr. Harkness: Two meetings of the board have been held so far lasting two to three days each. Another meeting of the board will be held on the sixth of this month.

Mr. Argue: Can the minister say when the first meeting was held?

Mr. Harkness: It was convened, I believe, on the fourth of March.

Mr. Argue: Mr. Chairman, this is certainly a very important act we are discussing. It is the whole basis of support for the agricultural industry with the exception of the initial prices that are provided under the Canadian Wheat Board Act. The support prices or floor prices now being paid represent the government's action toward implementing its election promises. In parliament and outside parliament the Conservative party has advocated adequate parity prices for many years. The Prime Minister has referred many times to two motions he moved in the house when he was in opposition calling for parity prices. Therefore the support prices under this legislation, and there are quite a number of them, are the government's answer to the promises it made to the Canadian people.

In the act passed last year a number of references were made to the cost of production and it was provided that in establishing support prices under the legislation consideration had to be given to the cost of production. As a matter of fact, prices were to be based on the cost of production. I should like to know what studies have been made in the department to determine the cost of production and what the minister might say is the cost of production for some of the important commodities that have support prices under this act.

There is a feeling amongst farm organizations and there is a belief amongst some of the members of the advisory committee which the minister just named that there is little or no regard to the cost of production in establishing prices under this act. I think that producers in the main would agree with

me when I say that those prices are not satisfactory prices to the producers in that, generally speaking, they are not sufficiently high to cover the cost of production and to give the farmer a fair return on his investment and his labour. I am very much interested in finding out from the minister how the board is guided by the cost of production, what figures are used and what studies have been made to determine the cost of production of those various commodities.

Mr. Harkness: In connection with the first statement which was made by the hon. member as to parity prices, I should like to draw to his attention and to that of all the other hon. members of this committee that when his bill was under discussion last year I never used the term "parity prices" except to comment on the remarks made by the hon. member and other members of his party and of the Social Credit party in the house. At that time when I introduced the measure I made it very clear in every speech I made in connection with this matter, both in the house and during the election campaign, that I had deliberately avoided the United States system of support prices on the basis of what are known as parity prices. Over and over again I emphasized the fact that in my opinion and also in that of a large number of United States farmers the United States parity price system had proved to be one of the most colossal failures in history and that we were not going to introduce in Canada any system of that kind. I therefore do not think that the hon. member should say that I or others represented that this was a parity price system.

Mr. Argue: I said that the Prime Minister promised parity prices.

Mr. Harkness: The hon. member knows that we fought the election as far as his part of the country was concerned, as he did, on the farm stabilization bill. He also knows what the results were. Certainly there was no question that we were introducing a parity price system such as that which exists in the United States and which most people have in mind when they talk about parity prices. There was never any suggestion of it.

As far as the cost of production is concerned in determining what these prices shall be, I think everybody knows that this is a fact. The determination of the cost of production as far as any particular commodity is concerned is an extremely difficult matter. First of all, I had better say this. Some studies in this connection are going on in the economics division of the department. In all cases we have attempted to take the cost of production into consideration and to relate the price set to the cost of production. But I must say that the amount of definite and precise information available as to what the cost of production is for most commodities is limited. That is not true for all commodities but for most commodities the information available is sketchy. What we have done is to take the cost of production figures which have been supplied by producers of the different commodities and we have examined those figures and we have applied certain tests to them. As a result, we have tried to arrive at a reasonable cost of production figure.

Just a short while ago there was a little discussion between myself and the hon. member for Kootenay West with regard to the cost of production figures which were submitted by the fruit growers of British Columbia. This is just one example of the extreme diversity of opinion which exists as to what the cost of production of any particular commodity is. But I can assure the hon. member that we have made an effort to determine the cost of production of these various commodities and to relate the support price set to that cost of production.

Mr. Argue: I wonder whether the minister could say what the estimated average cost of production of any one of these commodities happens to be. The minister knows that section 2 of the act, subsection 2, says that in prescribing a percentage of the base price, and so on, the governor in council shall be guided by the estimated average cost of production of the commodity, and such other factors as the governor in council considers to be relevant. I think it is fair to ask what is the estimated average cost of production of the commodity which is written into the act and which by the act the governor in council is asked to consider in setting these support prices. There must be some means by which the minister has determined the estimated average cost of production. Nobody perhaps can prove that a given figure is precisely correct in every way but the act does not say that it must necessarily be foolproof; it must merely be the estimated average cost of production.

Mr. Harkness: I have not the figures here in connection with that matter. However, there are one or two of them that run in my memory. I believe that the estimated cost of production of hogs here, we will say up to a month or so ago, was in the neighbourhood of $18 a hundred, live weight; and the estimated cost of production of Ontario wheat, it runs in my mind, was $33 to $34 an acre.

Mr. Argue: Can the minister say how the $18 figure was arrived at? Does it include labour? Does it include interest on the

farmer's investment? Does it include all of the cost of production figures in a normal accounting sense or is it merely an out-of-pocket cost figure which is a figure that the farmers themselves may sometimes use or consider when they are estimating their cost of production?

Mr. Harkness: I cannot say precisely what all it includes. However, I know it includes things like taxes and interest on money invested and things along that line. I might say that that is the price for the production of hogs in Ontario. The biggest element in the cost of production of hogs, as the hon. member knows, is feed; and the cost of production in western Canada, of course, would be considerably less than that.

Mr. Argue: The figure was $18?

Mr. Harkness: Yes.

Mr. Argue: When you have a support price of $25 a hundredweight at Toronto, I take it, what is the support price at Winnipeg or Regina or Edmonton?

Mr. Harkness: That is one of the very matters which the advisory committee is going to discuss and make recommendations on in their meeting here on the sixth. We have not as yet said what the support prices would be at these various points because the price of hogs was well above and there was no chance within the last few months of this coming into effect. We have therefore delayed setting these levels until there could be another meeting of the advisory committee in order to get their advice in this regard.

Mr. Argue: I think the hog producers of this country would say that the minister's figures for the cost of production are far too low and that if you have an ordinary price differential between Toronto and Regina—a price differential which has prevailed many times in the past—of around $3 a hundred you would get a floor price of $15 a hundred—

An hon. Member: Where do you get your $15?

Mr. Harkness: The floor price is $25.

Mr. Argue: The minister said to me a while ago that in calculating his cost of production that figure was around $18 for Ontario and what I was trying to arrive at was that if the cost of production in Ontario was $18—and the minister now says it is much less in Saskatchewan—a comparable cost of production out there might be $18 less the difference in freight. I will admit that is a very rough way of trying to arrive at it—

An hon. Member: A very, very rough way.

[Mr. Argue.]

Mr. Argue: If the hon. member wants to bark he should stand up.

If the minister wants to give any other cost of production figure for Saskatchewan, well and good. He has the information and I have not, but I think that the hog producers will feel this cost of production figure is very low and that in fact it is a good deal lower than the hog producers would consider it should be. If the cost of production in Ontario is $18 and the floor price is $25, that means that the hog producer in Ontario could of course make a profit of $7 per hundred.

Mr. Harkness: No, it is $18 live weight.

Mr. Argue: Live weight?

Mr. Harkness: Yes, live weight, and as the hon. member knows hogs which are ordinarily 200 pounds will dress out at somewhere around 155, 156 or 157 pounds for a reasonable grade of hog, which means that the cost of production is approximately the same as the support price of $25.

Mr. Argue: That paints a much different picture. I think that is more nearly accurate if the minister is calculating on that basis. In other words, the support price is the cost of production and there is not included in it any real margin of profit. The minister has not yet told me whether it includes labour costs or not.

Mr. Harkness: I think I did tell you that it includes taxes, interest on money invested and so forth and the deputy minister informs me it also includes labour costs. I do not have these figures here, as I say, and therefore I do not think it is very reasonable for me to try to answer in very great detail the questions put to me on this matter, which I think the hon. member will realize. I think I must say, however, that in regard to what he said about raising hogs in Saskatchewan I think I know a good deal more about the raising of hogs than does the hon. member. I have raised probably 10,000 to 20,000 more than he has. I have been in the hog raising business, off and on, for the greater part of my life and I am raising hogs at the present time. I have never at any time raised hogs when the margin of profit was as great as it is today. The hog-barley ratio is just about the best it has ever been in the history of hog raising in this country, and anybody who cannot make money raising hogs at the present time should not be in the hog raising business.

Mr. Argue: The minister has said that it is wonderful today, that it has never been better, but just about five minutes before he said it might drop $8 a hundredweight within the present year.

Mr. Harkness: And it would still be profitable if it dropped that much.

Mr. Argue: In my opinion it would be most unprofitable from the standpoint of the producers who are trying to make a living to try to produce hogs at a floor price of $25 a hundredweight at Toronto. This is $2 per hundredweight better than the floor price Jimmy Gardiner used to have, and we complained bitterly that that floor price was too low. I am sure the hog producers in this country will feel that the floor price which is just $2 higher is not at all adequate.

Mr. Harkness: If the hon. member will allow me I would like to point out to him that, as I have said, he is speaking about a subject about which I happen to know a great deal more than he does from personal experience and a floor price of $23 a hundredweight would still be much better than the floor price of $23 a hundredweight two, three, four or five years ago, because the price of feed is a good deal lower today than it was at that time and the biggest element in keeping hogs is the price of feed. That is your big cost factor. If you can get your hogs away in five months, for example, you will make more money than a man who takes six months to get them away and, on the other hand, if you get them away in six months you will make more money than the man who has to hold them for eight months. The matter of making money on hogs depends almost entirely on two factors; firstly, the cost of feed and, secondly, how well you feed your hogs and how fast you get them to market and therefore the amount of feed you put into them.

Mr. Argue: What the minister is saying is that the position for the hog producer is a little better now because when the farmer produces grain he can feed to the hogs he can make a profit because grain is not worth as much as it used to be. Of course that is exactly what we have been saying for many years, that the farmer's position has become worse.

Mr. Jones: We are doing something.

Mr. Argue: That is the whole point which concerns us—

Mr. Jones: We are doing a lot more about it than you could ever have done.

Mr. Argue: I would like to quote from the words of Mr. Olaf Turnbull, who is one of the members of this advisory committee. This quotation is taken from the Regina *Leader-Post* of July 9:

> The Agricultural Prices Stabilization Act is designed to help the large operator and does nothing to prevent elimination of the family sized farm, a member of the advisory committee to the board administering the act said Tuesday.
>
> Olaf Turnbull told a meeting of the joint board of the interprovincial farm union council that the act aids the big operator and "lets the devil take the hindmost."

I think those are far stronger words than I have used tonight and this is a man who is in a position of authority. He is a member of the advisory board and he makes this statement about the act.

I am prepared to give the government and the minister any and every credit wherever there has been an increase in the support price to the extent that the floor price for hogs is higher—I give the minister credit for that—but I do submit that the floor prices under this act are not in keeping with the terms of the act itself at least so far as farm organizations have understood the act.

The farmers' union presented a brief to the government, I believe dated May 28, in which they complained that the cost of production was not considered as it should have been in establishing these prices. The minister has said that the election in western Canada was to some extent fought on the circumstances surrounding this act. That is true, but I would like to ask the minister when were the support prices established under this act and when was the announcement made as to the price levels under the act?

Mr. Harkness: I think the first prices announced under this act were on April 7. I could have announced some prices before that; at the time the act came into effect and was proclaimed on March 1. Had I announced the prices at that time my hon. friend would have gone around the country saying what he said in the House of Commons just before we adjourned, that the prices set under this act before the election were political prices, that they meant nothing but were just put in there for political purposes. I thought it would be better, therefore, not to set any prices before the election was over and thus avoid any controversy along that line. The prices I would have announced would have been these prices: 107 per cent, 110 per cent, 110 per cent, 107 per cent, 107 per cent, 84 per cent, 80 per cent and 110 per cent. These were the prices we had arrived at and could have announced immediately after the act was proclaimed and the stabilization through the advisory committee was first made on March 4, 5 and 6.

We could have announced those prices. The members of the advisory committee were very surprised that I did not announce the prices because those prices were all considerably above average for the 10 years which included what the farmer looks upon

as the best years he has had as far as prices are concerned, namely 1947 to 1950. Had I announced them, the hon. member would have complained ever since that I had announced them for political purposes and attributed the defeat of many of his colleagues to the fact we had put out those prices. I did not announce them because I did not want a lot of political controversy associated with these prices.

Mr. Argue: I do not know how the minister can have it both ways. He says the reason the other parties did not do so well was because of the support prices, and then he says the support prices were not announced until after the election. I made a statement during my campaign that as far as I was concerned the main commodities most people were producing would not have floor prices set above the market price, with perhaps the exception of butter, and I think that statement has been borne out. The government says it did no want to take advantage of other parties by announcing these prices in advance. This is a strange statement for the government to make when, as the minister has said, there are only four commodities whose prices are set a the moment above the market price. Certainly the floor prices on most commodities are below the market prices.

The minister has said he has never advocated parity prices. That may be true. The minister, perhaps, has never used that term—has never advocated it—but if the minister has not, certainly the Prime Minister has, and the Prime Minister has been very clear in this respect.

Mr. Brunsden: Would the hon. member give us his definition of a parity price?

Mr. Argue: I would think that the definition of the Canadian Federation of Agriculture, which is based on the period 1926 to 1929, would be an acceptable definition. They have had very excellent economists go into the whole theory of parity prices, and they have come up with that as a formula. Of course, if the Prime Minister were in the house I could ask him what a parity price is. Perhaps he will come down and grace us with his presence when we are talking about parity prices and the many promises he made during the election.

At Kipling on May 17, the Prime Minister is quoted in the Regina *Leader-Post* as follows: "By electing a Conservative government, he said, farmers would get parity prices." The Minister of Agriculture says no. In the Regina *Leader-Post* of May 18 the Prime Minister is again reported as saying:

"I urged this system of parity prices in 1941 in a resolution in the house . . . but every Liberal member voted against it."

The Canadian Press reported in the Ottawa *Citizen* of June 10, 1957, as follows:

He (The Prime Minister) promised that if a Conservative government is elected he will call a September session of parliament—

I believe he did that.

—to set up a system of floor prices for agricultural produce based on parity, cash advances for farm stored grain and a new loan scheme to aid young farmers.

So I think it is perfectly clear that while the Minister of Agriculture has not been known as a supporter of parity prices the position of the Prime Minister over the years is clear. He has been a complete advocate of parity prices. However, in the legislation we are now discussing there is no formula for the establishment of cost of production and with the exception of some very rough estimates on a few commodities neither the minister nor the board have adequate figures in this regard.

Mr. Horner (Acadia): Mr. Chairman, I did not intend to speak on this item, but as a small hog producer and a new member of the House of Commons I must say I am greatly amazed at people in this house representing constituencies and trying to be, or being, spokesmen for agriculture and knowing as little about it as they appear to me to do.

The Minister of Agriculture definitely stated that he thought the cost of production of hogs was about $18 live weight. He definitely said "live weight". The hon. member for Assiniboia walked right into the trap. He does not know anything about hog production or prices. He does not know that a hog is sold on rail grade and that a good pig rail grades 75 per cent of live weight. And yet he wanted to be a good spokesman on the cost of raising pigs; he wanted to be the spokesman in this house for hog producers of western Canada. Yet he knows nothing whatsoever about hog producing.

Then the hon. member went on to read us what Mr. Turnbull had said about the present floor price on hogs. He said Mr. Turnbull had said it was only going to favour the large producers. I may add just as a point of interest that Mr. Turnbull himself is considered one of the largest producers of hogs in Saskatchewan.

Then he went on to say what the interprovincial farmers' union had to say about support prices on hogs. He said that on May 28 they said it was not high enough, and they still said it was not high enough. I met the interprovincial farm union on May 28. They said that the floor price was not high enough.

But what did they say about a month ago when they were down here? They said: Look out. We are going to have too many hogs.

They were contradicting themselves somewhere along the line, because you cannot have a floor price that is too low and still get too many hogs. I will point out that the supply of hogs is good this year. We have an abundance of hogs, and it must be remembered that as soon as you have a supply of something—particularly hogs—and I speak for the hog farmers, because I am one myself; a farmer is not going to produce something he is losing money on—or when there is an over supply they must be making their cost of production. As a farmer, I can tell you that you do not have to have a formula to know that when there is an overflow of something the farmer is getting cost of production out of it. I would advise the hon. member for Assiniboia, if he wants to speak on hogs, to begin raising some in his spare time and learn something about them.

Mr. Brunsden: Mr. Chairman, it is not my intention to delay these proceedings beyond a few moments but I do ask the indulgence of this committee for a brief space of time in order to discuss a question which arises from this vote and which is of tremendous importance to western Canada.

Should I require some justification for taking these few moments I would remind the committee that the hon. members for Laurier and Bonavista - Twillingate took several hours of the time of this committee in this discussion to talk about the fate of one man. I would also remind the committee that the hon. members for Skeena and Assiniboia spent several hours this afternoon discussing cold storage plants.

Again I would remind the committee that the hon. member for Kootenay West treated us to a lengthy dissertation last evening with respect to a certain rooster and this evening he treated us to another dissertation with respect to prunes. May I also remind hon. members of the committee that we have had considerable discussion this evening with respect to hogs. Indeed, this might go down in history as hog night.

I wish to discuss a subject that vitally affects several thousand farm families in western Canada and surely in the light of what has taken place yesterday and today during the course of this discussion I am fully justified in doing so.

In referring to vote No. 43 I might point out that the hon. member for Lethbridge and myself are probably the only two hon. members of this house who can speak from experience and from a background concerning irrigation. We have a very intimate knowledge of, not only the practice of irrigation, but the problems of irrigation and it is my hope that in the next few moments I may be able to say something with respect to those problems.

We have in southern Alberta approximately 500,000 acres now under irrigation and we have a potential of another 500,000 acres with the major irrigation works already constructed. I am not going to elaborate on this, other than to say that this area has many grave problems.

The province of Saskatchewan is on the verge of a tremendous irrigation development. Let me say at once to the Saskatchewan members on both sides of the house that there is no jealousy on the part of hon. members from Alberta with respect to this development. Surely after the promises of the last 25 years; surely after all the work that has been done in the engineering field and surely after the hope that continuously has been raised in the hearts of Saskatchewan farmers, they are definitely entitled to some development with respect to irrigation.

Let me assure hon. members from Saskatchewan that we in Alberta are extremely happy about the irrigation development now projected for the province of Saskatchewan, and we are especially delighted that coupled with it is a power development. Had we in Alberta a similar development, a similar coupling, had we the opportunity to join together power development and irrigation, we would be in a much happier position than we are today.

There is a feeling on the part of many people that if you build a dam, or otherwise impound water, and construct a canal, and from that canal have outlets to spread the water on the land you will immediately find yourself living in a land of milk and honey and all your problems will be over. I say this as an aside, but I have found that conviction in many places. I have found it on this side of the house and I have found it in the office across the hall from the office which I occupy.

The hon. member for Rosetown-Biggar and I have had many discussions with respect to the future of irrigation in Saskatchewan. He tells me quite spiritedly, that he has made eight or nine trips to the area in which I live, and he has seen the dahlias blooming, the trees budding and the vegetables growing, and he is convinced that when Saskatchewan has its irrigation development all will be well and life will be beautiful.

Let me say at once that irrigation has many problems. Perhaps sometime in the

future those of us who know something about irrigation from first hand experience will have an opportunity to outline those problems.

Suffice it tonight to say that the problems are twofold.

First of all there is the problem of the farmer. The irrigation farmer is confronted with a tremendous operating cost. In my own area, the Eastern Irrigation District, centring on the town of Brooks, in the province of Alberta, the farmers pay an annual water rate—that is a rate paid for the use of water—of $2.70 per acre. That is a cost of which the dry land farmer knows nothing.

Our farmers also pay an exceptionally high labour cost for the spreading of the water on the land. They are required to buy much more machinery than a dry land farmer with its attendant expense, and they are also required to pay much higher municipal taxes than apply in dry land areas, this for the reason that bridges must be constructed, roads wash out, and the incidentals of municipal operations in irrigated areas are much more costly than in dry land areas. Therefore, from the farmer's point of view, unless he has a highly specialized cash crop his position is extremely risky.

In my area of southern Alberta, where at least 95 per cent of the irrigation in this country exists at the present time, the districts are very largely farmer-owned. In other words, other organizations that developed these areas in years past found them uneconomic. They found they lost money each year in their operations, and as an escape route turned the areas over to the farmers in those localities.

In so far as my own area is concerned, the Eastern Irrigation District, the Canadian Pacific railway after a very creditable development project, gave the district to the farmers, and also gave them $300,000 to operate it. The railway said, in effect, "We cannot make it go so you try it," and to the credit of the farm leaders in the Eastern Irrigation District, up to the present time, they have been reasonably successful. However, they have found it impossible in recent years, to lay away sufficient funds for the replacement of structures that will ultimately decay or become obsolete.

In our area, and this applies also to areas in the constituency of my friend the hon. member for Lethbridge, many of the structures are wearing out. They have reached the point in their existence when any day they may break or decay, and the farmers who are being served by those structures will find themselves without water.

[Mr. Brunsden.]

What is the future of the replacement of these structures? We talk to our provincial government and receive very little encouragement. I presume that primarily it is a responsibility of the provincial government and yet, if the provincial government does not function in this respect many millions of dollars of farm investment in terms of land development, and farm buildings, will be rendered almost useless because, after all, we do operate in a dry area in the Palliser triangle and there will be a great amount of disaster.

The great need of these irrigation districts, of course, in order to obtain sufficient revenue with which to build up reserves for the replacement of these structures, is industries. We in the Eastern Irrigation District have very few industries. Today we have one sugar beet factory at Taber and my friend the hon. member for Lethbridge has two in his constituency. We are supplying only a very small percentage of the sugar consumed in the Canadian market, yet we are told that that is the limit. We cannot think in terms of sugar beet area expansion. We have, it is true, a few small canneries covering from 100 to 150 acres. We have in our district one dehydration plant and I understand we are to have two. But these small industries add very little in terms of total acreage. What the irrigation districts need are industries, the requirements for which will reach back to a majority of farms in the irrigation districts. Until we are in the position in the older and newer irrigation districts, of being able to establish industries for the processing of the specialized crops grown on irrigated land we shall continually be faced with a serious problem.

You may ask yourself, Mr. Chairman, what is the point of all these remarks?

The point is simply that we have in southern Alberta an experience of some 50 years in irrigation. We have in southern Alberta now a second and, in some cases, a third generation of farmers on irrigated farms. It is stated that it takes three generations of irrigationists to make successful irrigation farm operators. Certainly, a dry land farmer moving to an irrigated farm is a lost soul, and usually leaves the farm in that same state of mind. It is our hope—and I speak now, I think, for all the southern Alberta members—that under vote 43 the experience of our errors—and errors have been committed; there have been many of them, and most of them were committed by the government to which the hon. gentlemen opposite owe allegiance; I refer to nothing specific—yet the experience of the past, regardless of who was responsible for it, may

be consolidated, may be reviewed and may be applied to the benefit of the new area, the area in which we are all interested today, namely the new area in central Saskatchewan.

Item agreed to.

Experimental farms service—

Branch experimental farms, substations and illustration stations—

522. Construction or acquisition of buildings, works, land and equipment—further amount required, $240,000.

Mr. Herridge: I happened to miss this item on the main estimate because I did not expect the squall that was going on to pass so quickly. However, I just wish to say a few words on this item because it is of serious importance to a number of my constituents. The minister knows that throughout the years there have been repeated requests from, I think, all of the provinces of Canada for the extension of the Prairie Farm Rehabilitation Act to all the provinces, to make it dominion-wide, and we in this group supported those requests over the years, as other hon. members have done, including the minister when he was in opposition. I think he made some rather vehement speeches in that respect. We are still of the opinion that if this act were operative across Canada in general it would be to the great advantage of a large number of people, and it would present a great opportunity for its application and utilization.

The minister knows what I am referring to; I mentioned it last evening. I may say, Mr. Chairman, I was rather surprised to hear the member for Medicine Hat claiming for a few minutes last evening when he was speaking on these items and also this evening that I was speaking with respect to prunes. I think he mentioned them. Surely, he would not deny me the opportunity to give expression to the views of my constituents and I think he will also acknowledge the fact that I am not given to over-vocalization of my inner thoughts. I mention this because it is of serious importance to a number of my constituents.

As the minister knows, I wrote him some time ago with respect to surveys of an area in my district, namely the Slocan valley, which I referred to last night. I was very pleased with the minister's interest in the matter and his response. We are doing the best we can to get the provincial government to take up the matter with the federal government so that something can be done with respect to those very necessary surveys in the area before any development can be planned.

As I said before, I think a great deal can be done in that respect as a result of co-operation between the federal and provincial governments and the people directly concerned. I can assure the minister that the people in this district would be only too willing to extend their co-operation and assist in every way possible in the development of this valley.

The Canadian Federation of Agriculture has recommended the introduction of a Canadian national conservation and rehabilitation act. I think there is a great deal of merit in the suggestion. Will the minister inform the committee whether the government is giving consideration to the introduction of legislation of that type, say, at the next session of parliament?

Mr. Harkness: Mr. Chairman, as I have indicated on numerous occasions, we are studying the matter. Whether we will be able to bring in any legislation at the next session I am not yet in a position to say. I might point out, however, that I did not like to stop the hon. member, but this item we are discussing has to do with experimental farms service. I think he is on soil and water conservation.

Mr. Herridge: I thought we were on item 532. I had my say, anyway.

Item agreed to.

532. Prairie Farm Rehabilitation Act and water storage—further amount required, $375,000.

Mr. Herridge: My remarks apply to this item.

Item agreed to.

The Chairman: This completes the estimates of the Department of Agriculture.

DEPARTMENT OF VETERANS AFFAIRS

473. Departmental administration, $2,438,212.

The Chairman: The Department of Veterans Affairs, vote No. 473. This item will be found on page 85 of the blue book, the details on page 597. Shall the item carry?

Mr. Benidickson: Mr. Chairman, while the minister has been appearing before the veterans affairs committee, I am sure he would like to inform the committee of the whole about the progress of the department in recent months.

Hon. A. J. Brooks (Minister of Veterans Affairs): Yes, Mr. Chairman, I would like to say a few words. I might say I have been waiting all evening to have this opportunity but sometimes it amazes me to see how slowly estimates pass. Then, in the last few minutes a change took place and they passed

very quickly. Of course, we all know that the estimates of my hon. friend, the Minister of Agriculture, are very important and it is not surprising that they took considerable time. I also think that the veterans affairs estimates are most important as well but there is not the controversy over those estimates that we find in the other departments. This is understandable, because veterans affairs estimates have to do with benefits to our veterans in the way of pensions, war veterans allowances, hospitalization and the many other benefits.

We have a great many individuals to deal with in the Department of Veterans Affairs and this is one feature of our department which I would like to emphasize. Our work is dealing mostly with individuals. We have, for instance, pensioners still living from the northwest rebellion of a good many years ago; we have the South African veterans; we have the veterans of world war I and we have the veterans of world war II. We are today a comparatively young nation and we are paying out a very large amount of money for benefits to those veterans.

As I said a moment ago, it does not surprise me that there is very little controversy in connection with veterans affairs.

As the hon. member for Kenora-Rainy River just mentioned, my department's estimates have already been before the standing committee on veterans affairs. The members of this committee have had the fullest opportunity to meet and question officials of the Department of Veterans Affairs and this has permitted, I am sure, a more detailed examination and discussion of the various items in the estimates and of my department's activities than is possible on the floor of the house. I am sure that this has been a great advantage to the members of the committee.

This has been the first session of the standing committee on veterans affairs and as the minister of that department I am very pleased with the work of the committee under the very able chairmanship, may I say, of the hon. member for Brandon-Souris. Many of the members of the committee are new to the house and I have been impressed and gratified with the interest they have shown in the affairs of the department. I am also very pleased with the obvious good will that all members have shown in considering the various problems before the committee. This is bound to result in improvements in the legislation amending the veterans charter and subsequent legislation.

The department's budget for 1958-59, submitted in both main and supplementary estimates, including provision for loans, investments and advances, totals approximately $308 million, an increase of some $17,600,000 over the appropriations for 1957-58. Of this increase approximately $15,600,000 represents increased payments of war veterans allowances and of pension for disability and death, both of these increases being due to legislative changes. Most of the balance of the increase will be found in the provision for the operation of hospitals and administration which is due to higher costs of hospitals and medical services.

Hon. members will recall that effective July 1, 1957 the basic rate for married recipients of war veterans allowance was increased by $18 per month and the maximum annual income ceiling for that class was increased from $1,440 to $1,620 and for those with single status from $840 to $960. Again, effective November 1, 1957 the ceilings on maximum income for both single and married recipients were increased by a further $120 per year and the maximum monthly rate for single recipients from $60 to $70. These amendments, which were only in effect for part of 1957-58, together with the normal increase in the cost of this benefit, account for the additional provision of $9 million for the fiscal year 1958-59.

The increase in the pension vote results from certain changes in the scale of pension awards which became effective July 1, 1957. The legislative amendments provided for an increase in the basic 100 per cent pension payable to a single person from $1,500 to $1,800, and in the case of a married pensioner from $2,040 to $2,400. These changes, together with some further and minor amendments to the Pension Act effective November 1, 1957, are the main factors contributing to the requested increase for 1958-59 of approximately $6,600,000.

Representations have been made to me on behalf of Newfoundland disability pensioners and it is interesting to observe that on April 1, 1949, when Canada took over the Newfoundland pension liability as it existed at the date of union there were 1,816 disability and dependent pensioners, with an estimated annual liability of $779,021. As of June 30, 1958, the corresponding figures are 2,079 and $1,638,356.

The suggestion has been made that these Newfoundland disability pensioners should be treated on exactly the same basis as Canadian pensioners, and with this I entirely agree. In other words, instead of having their British awards of pension supplemented their entire awards should be paid by Canada. While I have every sympathy for these representations and, as I said a moment ago, I agree with them, they necessitate a study of the problem as relating to Canadians domiciled in Canada prior to world war I and world war II who

served with the British or allied forces. Their basic awards are supplemented to Canadian rates during residence in Canada, and at the present time the entire subject is under review with the hope that it will be possible to find a solution which will be beneficial to both groups and acceptable to the governments involved.

I mentioned in my earlier remarks that there has been a general increase in the cost of hospitalization and medical services, and provision for the operation of this branch of my department for 1958-59 is some $2 million greater than for the previous year. The general level of treatment activity remains fairly constant but could increase with the advent of the various federal-provincial hospital plans. As I assured hon. members of the house in a recent statement as to the effect of these plans on the treatment of veterans, it is this government's policy that the operation of provincial plans will in no way adversely affect the rights and privileges for treatment to which any veteran is now entitled at the hands of the department.

I might explain to members of the house that the department's treatment requirements are provided for in roughly three ways. As you are aware, the department operates its own treatment institutions in many centres but in those locations where for various reasons it has not been considered desirable to construct departmental facilities arrangements have been made with certain hospitals for the priority use of a number of beds. In all other locations where there is no particular continuing load treatment is provided in any available general hospital at the expense of the department.

I might mention at this time that the department has for some time been studying the problem of the accommodation available for the treatment of veterans in the province of Newfoundland. This is a location where the department had arranged for the priority use of a certain number of beds in existing hospitals, but in the light of our experience, particularly with respect to domiciliary care accommodation, we have felt that this whole question should be considered again and certain recommendations have been submitted to the treasury board which are currently under consideration.

Referring now to the department's hospital construction program, I should explain that the policy is to bring existing accommodation and services up to an acceptable modern standard. In accordance with this policy, there has been a gradual replacement of old and outmoded accommodation but for financial reasons the department has had to restrict its major construction projects so that not more than two are under way at any one time. During 1958-59 the two major projects will be the replacement of outdated accommodation at Shaughnessy hospital, Vancouver, and at Westminster hospital, London.

There are in the estimates now presented certain increases and decreases in the amounts requested for various services when compared with those provided for the fiscal year 1957-58. In the aggregate, however, the totals of these variations tend to offset one another. In closing my remarks, Mr. Chairman, I might mention that the requested provision to meet the department's administrative services in general shows little increase over that for the previous fiscal year. This fact shows, I think, evidence of the careful supervision given to that phase of the department's operation costs.

Mr. Carter: Mr. Chairman, I should like to commend the minister on the statement he has just made and to say how particularly grateful I am to hear the references he has made with respect to the veterans of Newfoundland.

The minister has rightly stated that whatever political lines are drawn, when it comes to the matter of discharging our obligations to our veterans those political lines disappear and we are always at one in wanting to do our very best for our war veterans and their dependants. It is only right that there should be very little controversy with respect to these estimates because they are merely a financial projection of a policy laid down by this parliament and concurred in by all political parties. Since we are at one with respect to the policy we cannot find much ground for disharmony with respect to the financial means of implementing that policy.

The minister referred to the standing committee on veterans affairs, of which I am very happy to be a member, and I would like to concur in what he said with respect to the interest shown in that committee, particularly on the part of members who have been on the committee for the first time this session. There again no political lines are drawn whatsoever and we all try to do our duty to the veterans and to their dependants, also keeping in mind our obligations to this parliament and the public at large. I would like to join with the minister in the tribute he paid to the chairman of that committee, the hon. member for Brandon-Souris, under whose able chairmanship we have I think achieved great harmony and progress.

The veterans legislation, as I said, was brought in in the first place by an all-party committee but it must of necessity be revised from time to time to bring it up to date

and in line with the changing times in which we live. I have listened to the figures mentioned by the minister with respect to Newfoundland pensioners and I am not sure if I got them correctly but I think he said in 1949 the number was around 1,816 and that this year it had risen to 2,179. That is a very small increase over a ten-year period and of course in considering that increase we must also consider that time passes quickly and that a number of young veterans of the second world war and of the Korean war are now feeling the results of that service and are perhaps getting to the stage when they feel they should apply for some assistance from the Canadian pensions commission on account of their disability. However, that increase of 360-odd is very small and I think it also reflects the special position in which the Newfoundland veteran finds himself as a result of the system and the procedure to which he is now subjected.

I was very glad to hear the minister say he felt that the pensions of Newfoundland veterans should be paid in full by the Canadian government, like those of other Canadian veterans, instead of first being paid by the British ministry of pensions and supplemented by the Canadian pension commission. I know the argument has been put forward that the Newfoundland veteran is in the same position as veterans who were domiciled in Canada and who served in the imperial forces but there is one very great distinction which I would like to bring to the attention of this house and that is that veterans who were domiciled in Canada and who of their own free will voluntarily bypassed the Canadian forces to return home and join the forces of another country are in a very different position from that of the Newfoundland veteran.

The Newfoundland veteran did not do that; he could not do it because Newfoundland was not at that time part of Canada. He had to serve either in the forces raised and supported by the Newfoundland government or else in the imperial forces of the United Kingdom and he had no opportunity to bypass the Canadian forces so he should not be penalized. I do think that a person who voluntarily adopts a country and settles in it and then when an emergency breaks out sees fit not to join forces which are going to fight to protect that country but goes and fights with the forces of another country, deliberately passes up the benefits which might accrue to those people who fought in the forces of his adopted country. I must again emphasize that the Newfoundland veteran did not do that and he could not do it for the simple reason that Newfoundland was not part of Canada so he did the best thing he could do and joined the imperial forces. The terms of union recognized that fact and it is expressly stated that the Newfoundland veteran would be treated just as though he had served in the Canadian forces.

I have again gone into some detail over this matter because this question of being domiciled and putting a Newfoundland veteran into the same category as people who were domiciled in Canada but who left Canada to join the forces of another country is a quite incorrect picture of the situation. I am very grateful to the minister for his assurance that the problem is under consideration and to hear that the minister is of the opinion which he expressed earlier this evening. I am a bit disappointed that it was not possible to bring down legislation this session in order to correct this particular situation but I do hope it will not be delayed beyond another session.

The minister also mentioned that consideration was being given to the provision of a veterans hospital in Newfoundland and this is something which is very urgently needed. We have no veterans hospital, nor do we have sufficient hospital facilities to take care of our civilian needs. We fully understand the difficulties involved in the setting up of a separate hospital for veterans but I would like to bring to the attention of the minister the hospital facilities at Fort Pepperell and to ask him if he might consider the possibility of acquiring those facilities which may perhaps be available at an early date, and which may be acquired and utilized at a lower cost than would be involved in the construction of a separate building.

Before I sit down, Mr. Chairman, I would like to say one word about our merchant navy. I think every member will recognize that as a country Canada has not done justice to the veterans who served in the merchant navy and who supplied an essential service without which victory could not have been won and without which we could never have maintained our other forces overseas.

I have known many of these merchant navy veterans to die without getting the assistance they needed and which was provided to other veterans no more deserving than they were. I know now of countless merchant seamen who are crippled but who cannot provide for their families and their children as they should like to do. That incapacity has resulted from the hardships and the dangers which they underwent during the war period.

I should also like to include in the merchant navy the unit of the rescue tug

service which also played an extremely important part, particularly in Newfoundland and on the Atlantic seaboard. I hope the minister will take into consideration again the legislation which we brought down last year and which gave veterans of world war I entitlement to war veterans allowance if they had served 365 days prior to armistice day in England. I do not believe that we have developed there a sound basis for the awarding of these pensions. I think that the earlier basis, under which the pension was awarded if these people had served in a theatre of war, was much more satisfactory than what we have now. I still maintain that it is not logical to say that a member of the naval force who escorted troop ships across the Atlantic served in a theatre of war and then to say that the soldiers and the veterans in transports were not in a theatre of war. I think that position is most illogical. I hope that we shall see fit before too long to bring in legislation which will qualify anybody who crossed the ocean to England or to Britain, anybody who crossed the ocean on service outside of Canada, to be awarded a pension on the basis that he served in a theatre of war.

That is all I have to say, Mr. Chairman. There may be one or two points that I should like to raise later on because, although I was a member of the veterans affairs committee, it was not possible for me to attend every sitting as I was also a member of other committees sitting at the same time. Consequently, it was not possible to raise in the committee on veterans affairs all the questions one would like to raise. I hope I shall be able to do that later on when the estimates are under consideration?

Mr. Herridge: Mr. Chairman, my remarks are going to be quite brief this evening. Having been a colleague of the minister on the veterans affairs committee since 1945, along with other members on the committee, I want to say that we were very much pleased when he was appointed minister. We know where his heart lies. We know that he will do all he can to assist the veterans' cause in Canada at this time. If anyone wants really to understand what the minister thinks, all he has to do is to read the minutes of the committee on veterans affairs since 1945. He will then know what the minister thinks about the many problems that are brought to the veterans affairs committee. We all know the minister's attitude towards these problems but our major function is to convince his colleagues that he is right when he is presenting some proposal on behalf of the Legion or other veterans' organizations in this country.

In the minute or two at my disposal I want to express our sincere appreciation of the good work of the senior officials of the department in Ottawa and across the country. The officials of this department are recognized, I think, by all the members of this house as being officials who are particularly and unusually interested in the problems with which they are called upon to deal. I also want to say the same thing with respect to the Canadian pension commission.

I think the request of members of this house over a long period of years for a standing committee on veterans affairs was fully justified by the results of the first sittings of that standing committee this session. The committee contained an unsually large proportion of new members who naturally were not well acquainted with the various aspects of departmental administration and of the legislation concerning veterans. But in the short time that the committee has had to sit this session that situation is rapidly changing; and regardless of party, there is a growing appreciation of the administration of the department and also of the many complicated aspects of veterans' legislation. We had an excellent opportunity to hear from the officials of the department and to ask them any questions that came to our minds or to our attention.

Quite recently the Canadian Legion held its national convention in Edmonton. I was very much interested in reading the speech the minister made to that convention because I think it was a jolly good speech from his point of view. I hope he continues in that vein. In any event, that convention passed a great many important resolutions, a fact which indicates that the veterans and their dependants, branches and zone councils, provincial conventions and finally the national convention have been giving serious study to the many problems that have to be adjusted for all veterans to receive justice in this country in the days to come. Those representations will be made to the government, I presume, officially on some day very close to Remembrance Day. I urge that members of this house, particularly members of the committee, give close study to them when they receive copies of the representations made to the government. Knowing the minister as I do, I am quite sure that those representations will receive sympathetic consideration.

I am going to conclude in a minute or two, Mr. Chairman. However, may I say that I have become extremely optimistic in recent days as to the possibility of progressive legislation. Do you know, Mr. Chairman, that in 1919, under a Conservative government the doors on the washrooms in this building were

improperly hung. This government has been in power only about a year and that mistake was remedied this week as a result of representations from a good number of members of parliament who unfortunately had their noses bumped on many an occasion. I hope, Mr. Chairman, that that is an omen of what is going to happen with respect to veterans' legislation and other legislation in the days ahead. I always take these little straws in the wind, Mr. Chairman, as showing the direction in which the wind is blowing. I hope that is a good straw in the wind.

When we meet next session, Mr. Chairman, I hope we shall find in the speech from the throne a good number of amendments to the legislation which will indicate that this government is going to take some further steps to improve veterans' legislation on behalf of the veterans of this country and their dependents.

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

BUSINESS OF THE HOUSE

Mr. Benidickson: I think I have already indicated our interest in the program for tomorrow. I was wondering about the effect of the royal visit on our proceedings.

Mr. Green: Tomorrow we intend to take the estimates of the Department of Veterans Affairs and then those of the Department of Justice. I believe the Prime Minister had intended to make an announcement about an adjournment in the afternoon, and we had in mind that it might suit all hon. members if the house were to adjourn at 4.30 p.m. instead of 6.00 p.m.

Some hon. Members: Agreed.

Mr. Benidickson: Was Your Honour thinking about getting unanimous consent tonight with regard to the hour of closing tomorrow afternoon?

Mr. Speaker: If the house is prepared to consent now to an order that we rise at 4.30, that would settle the matter. Is that agreed?

Some hon. Members: Agreed.

At ten o'clock the house adjourned, without question put, pursuant to the order of the house passed on July 14.

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

DEPARTMENT OF AGRICULTURE

Administration service—

1. Departmental administration, including advisory committee on agricultural services, $674,164.

2. Information service. $589,418.

3. Contributions to Commonwealth Agricultural Bureaux in a total amount of £46,384, notwithstanding that payments may exceed or fall short of the equivalent in Canadian dollars, estimated as of January, 1958, which is, $128,919.

Science service—

Science service administration—

4. Operation and maintenance, including an amount of $136,475 for grants in aid of agricultural research in universities and other scientific organizations in Canada, and an amount of $45,000 to assist in defraying the costs of the ninth international botanical congress to be held in Canada in 1959, $1,313,662.

5. Construction or acquisition of buildings, works, land and equipment, $2,054,518.

6. Bacteriology, $285,855.

7. Botany and plant pathology, $1,730,894.

8. Chemistry, $962,236.

9. Entomology, $2,487,707.

10. Forest Biology, $2,591,564.

Experimental farms service—

11. Experimental farms service administration, $276,462.

Central experimental farm, including research and co-ordinating divisions for the experimental farms service—

12. Operation and maintenance, including a grant of $5,000 to the international congress of genetics to assist in defraying the costs of the tenth international congress of genetics to be held in Canada in 1958, $2,868,299.

13. Construction or acquisition of buildings, works, land and equipment, $573,680.

Branch experimental farms, sub-stations and illustration stations—

14. Operation and maintenance, $8,733,243.

15. Construction or acquisition of buildings, works, land and equipment, $3,226,447.

Production service—

16. Production service administration, $112,713.

Health of animals—

17. Administration of Animal Contagious Diseases Act, and Meat and Canned Foods Act, $6,676,108.

18. Animal pathology, $913,036.

19. Construction or acquisition of buildings, works, land and equipment, $312,370.

20. Compensation for animals slaughtered, including compensation for eggs destroyed from infected premises under terms and conditions approved by the governor in council, $411,000.

Live stock and poultry—

21. Live stock and poultry production, including premiums on pure-bred sires and contributions for live stock improvement, $1,938,438.

22. Supervision of race track betting, $279,988.

23. To provide for grants to agricultural fairs, exhibitions, and museums in accordance with regulations of the governor in council; for payments pursuant to agreements in force on March 31, 1958, with exhibitions covering the construction of buildings and other major undertakings; and for a grant of $50,000 to the royal agricultural winter fair, Toronto, and freight assistance on livestock shipments for exhibition thereat, $916,000.

24. Special grant to royal agricultural winter fair, Toronto, $250,000.

25. Grants to agricultural organizations, as detailed in the estimates, $209,250.

26. Plant products—seeds, feeds, fertilizers, insecticides and fungicides control, $1,758,626.

27. Plant protection, $1,016,738.

Marketing service—

28. Marketing service administration, including marketing of agricultural products, $666,454.

29. Subsidies for cold storage warehouses under the Cold Storage Act, in the amounts detailed in the estimates $445,916.

30. Agricultural economics, $764,345.

31. Dairy products, $879,544.

32. Grants and other assistance in accordance with Cheese and Cheese Factory Improvement Act, $1,228,000.

33. Fruit, vegetables and maple products, and honey, $1,814,021.

34. Livestock products, stockyard supervision and furs, $898,311.

35. Poultry products, $877,134.

Terminable services—

36. Freight assistance on western feed grains, $17,500,000.

37. Agricultural lime assistance, $500,000.

38. To provide for quality premiums on high grade hog carcasses and administration costs, $6,630,000.

Special—

39. For assistance in construction of potato warehouses under terms and conditions to be approved by the governor in council, $35,000.

40. Agricultural products board administration, $10,000.

41. To provide for administrative expenses, Agricultural Stabilization Act, $88,390.

42. Prairie Farm Rehabilitation Act and water storage, $4,777,131.

43. Major irrigation and reclamation projects in the western provinces, $6,614,257.

44. Assiniboine and Qu'Appelle rivers—dyking and cut-offs, $150,000.

45. Land protection and reclamation; clearing and settlement of new lands under such terms and conditions as may be approved by the governor in council, $650,000.

46. Maritime Marshland Rehabilitation Act, $2,279,071.

47. Prairie Farm Assistance Act administration, $550,446.

Science service—

Science service administration—

521. Construction or acquisition of buildings, works, land and equipment—further amount required, $131,600.

Supply—Items Passed

Experimental farms service—

Branch experimental farms, sub-stations and illustration stations—

522. Construction or acquisition of buildings, works, land and equipment—further amount required, $240,000.

Production service—

Health of Animals—

523. Administration of Animal Contagious Diseases Act, and Meat and Canned Foods Act—further amount required, $143,700.

524. Animal pathology—further amount required, $23,967.

525. Construction or acquisition of buildings, works, land and equipment—further amount required, $48,792.

Livestock and poultry—

526. Supervision of race track betting—further amount required, $274,940.

Marketing service—

527. Subsidies for cold storage warehouses under the Cold Storage Act in the amounts detailed in the estimates—further amount required, $534,278.

528. Grants and other assistance in accordance with the Cheese and Cheese Factory Improvement Act—further amount required, $136,427.

Terminable services—

529. Agricultural lime assistance—further amount required, $400,000.

530. Contribution to the government of the province of Nova Scotia in respect of the emergency movement of hay to that province in such amount and subject to such terms and conditions as the governor in council prescribes, $11,300.

Special—

531. For assistance in construction of potato warehouses under terms and conditions to be approved by the governor in council—further amount required $35,000.

532. Prairie Farm Rehabilitation Act and water storage—further amount required, $375,000.

533. Major irrigation and reclamation projects in the western provinces—further amount required, $4,719,600.

HOUSE OF COMMONS

Saturday, August 2, 1958

The house met at eleven o'clock.

TRADE

AUSTRALIA—ANNOUNCEMENT OF RELAXATION OF IMPORT CONTROLS

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, I should like to inform the house that we have just been advised of new measures of relaxation on imports into Australia from Canada and other dollar countries and as a result, effective yesterday, imports into Australia from Canada of most capital equipment, electrical machine apparatus and appliances are now given equal access to the Australian market in competition with all other suppliers under the Australian import controls. Canadian exports of these products to Australia have been faced with discriminatory restrictions. With the removal of the discrimination in this field we are hopeful that Canadian exporters will be able to increase their shipments to Australia.

Total Canadian exports of the type of products affected amounted to some $40 million last year, of which about $1 million went to Australia. In addition, a number of items have been completely removed from import controls in Australia, including magnesium.

These new measures by Australia are a welcome move in the direction of improved access for Canadian exports to the Australian market, and should make an important contribution to a further strengthening of the trading relations between our two countries.

[*Later:*]

SALT FISH—REPRESENTATIONS FROM CANADIAN ATLANTIC EXPORTERS ASSOCIATION

On the orders of the day:

Mr. E. L. Morris (Halifax): Mr. Speaker, I should like to ask the Minister of Trade and Commerce whether, subsequent to his announcement to the house yesterday concerning NAFEL, he has received any representations from the Canadian Atlantic salt fish exporters association requesting consideration of some provision for mainland Canadian dealers this year to engage in perhaps even limited interprovincial trade. If so, can he make any comment?

Hon. Gordon Churchill (Minister of Trade and Commerce): Yes, I have received a telegram from the Canadian Atlantic salt fish exporters association asking that a certain amount of limited interprovincial trade in dry and semi-dry salt fish might be permitted with the Newfoundland organization. This had been made known to us prior to this date, and the interest and representations of the Nova Scotia fishing industry have been given very careful consideration.

When I announced the termination of the exclusive right of NAFEL yesterday, to take effect a year from July 31, I was not able to accede to the request of the Canadian Atlantic salt fish exporters association for the concession they wanted on this occasion—they received a concession in 1954—with regard to some of the products from Newfoundland, and we are prepared to give further consideration to their suggestion.

Hon. J. W. Pickersgill (Bonavista-Twillingate): A supplementary question, Mr. Speaker. Since his announcement yesterday has the minister received any representations from NAFEL?

Mr. Churchill: No, not to this moment, Mr. Speaker.

PUBLIC SERVICE

ANNOUNCEMENT OF PUBLICATION OF NEW MANUAL ON ORGANIZATION OF GOVERNMENT

Hon. Henri Courtemanche (Secretary of State): Mr. Speaker, I am glad to announce the publication of a new manual or a guide entitled "Organization of the Government of Canada", or in French "L'Administration federale du Canada". It contains detailed information on the organization of the federal government, including lists of members of the cabinet, the Senate and the House of Commons, judges and officials of the supreme and exchequer courts of Canada and of the territorial courts of the Yukon and Northwest Territories and top officials of the various departments, boards and agencies of the public service.

Numerous inquiries and requests received during the last few years by the queen's printer from the public, particularly businessmen, university professors and students, have indicated the need for a publication of this kind, where can be found information which

is incomplete or difficult to find in other government publications. I venture to say that it is expected to be quite useful to government officials as well as to the public.

The project was first studied and recommended by an interdepartmental committee established by the previous administration, which comprised representatives of the departments of the Secretary of State and of Public Printing and Stationery and the privy council office, the treasury board office and the public archives. After authority for it was given by the cabinet of the day, editing and revision of the text were entrusted to a committee of representatives of the Department of the Secretary of State, the Department of Justice and the privy council office. Incidentally, considerable revision became necessary twice in the course of the preparation and proof-printing as a result of the last two general elections.

There is a bilingual edition for free distribution to those entitled thereto under the regulations governing distribution of government publications, and separate English and French editions for sale to the public. I might add that the queen's printer already has approximately 1,000 orders for this publication, which he is now starting to fill.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I should like to congratulate the government upon carrying out this excellent project which, I say without modesty, I had the pleasure of getting started when I was secretary of state. I hope, Mr. Speaker, this does not mean that this publication is going to supplant the *Parliamentary Guide,* which I recognize is a private publication but which I believe was always assisted by the government and that it will not be too long before the *Parliamentary Guide,* which of course never appeared at all for the last parliament, will appear again.*

FINANCE

BUDGET FORECASTS—MOTION FOR ADJOURNMENT UNDER STANDING ORDER 26

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I move, seconded by the hon. member for Kootenay West, the adjournment of the house under standing order 26 for the purpose of discussing a definite matter of urgent public importance, namely the discrepancies between the economic forecasts made by the Minister of Finance in his budget speech, and the forecasts made to the government by its economic advisers as outlined in the recently partially disclosed report "The Canadian Economic Outlook for 1958" and the need for the immediate full disclosure of the contents of this report.

[Mr. Courtemanche.]

Mr. Speaker: It is moved by Mr. Argue, seconded by Mr. Herridge—the hon. member for Assiniboia.

Mr. Argue: We have moved this motion for the adjournment of the house, Mr. Speaker, because we have seen in the Toronto *Star* disclosure of the report on Canada's economic outlook which has been provided to the government by its officials.

Mr. Fleming (Eglinton): On a point of order, Mr. Speaker, I took it that you would be reading the terms of the motion to the house, but you called on the hon. member for Assiniboia. Was that only for the purpose of permitting him to indicate to you what his views are relating to the point of urgency of debate?

Mr. Speaker: Yes. The hon. member simply moved his motion, and I think he should indicate why he feels it is an urgent matter. I would also be glad to hear other members as to the urgency of the matter, which is the important issue at the moment. I would ask the hon. member not to proceed with the motion but to confine himself to the question of whether the house should entertain the matter at this time.

Mr. Argue: I feel that this matter is urgent because disclosure has just been made, and this is the first opportunity we have had to ask for a full debate on the question. The reason we ask for a full debate is our belief, after having heard the budget statement of the Minister of Finance and after having read extracts from the report in the Toronto *Star* of yesterday, that the house and the people of Canada have been misled by the forecasts of the Minister of Finance. They have been misled by his forecast that inflationary pressures are no longer of great importance, as found on page 1234 of *Hansard* of June 17, and his forecast of an increase of 2 per cent in the gross national product.

Because of these great discrepancies we feel that the house is entitled to an explanation from the government at this time with respect to why these forecasts were not based on the report, and why these forecasts vary so greatly from the advice given the government by its economic experts. We believe this secret document, which has been referred to in the house so often, should now be disclosed immediately because it has already appeared in the press, and because of the well known attitude of the Prime Minister in the past toward the disclosure of such reports.

We believe there is a question of privilege involved affecting the House of Commons.

* (*See further remarks at page 3454.*)

Parliament has been refused this report, yet we see it published in a newspaper.

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I take it that you are passing at the moment on the question of whether there is urgency of debate as applied to this matter within the rules and practice of this house. My hon. friend is asking you to regard this as a definite matter of urgent public importance requiring debate at this particular time. In my respectful submission, Mr. Speaker, the motion not only does not fall within the accepted requirements in relation to such a motion but falls very far short of them.

If my hon. friend wishes to introduce this matter into the discussions of the house he will have an opportunity to do so only two days from now, because a supply motion is to be moved on Monday and any hon. member who regards this as a matter meriting the attention of the house will have full opportunity, I take it, to introduce it, if in order, on that motion.

But, Mr. Speaker, there is another question which applies to the motion here. The hon. member for Assiniboia seems to be leading up to the point, certainly it was evident in his remarks this morning, of alleging that a certain report which the government received from its advisers should be placed before the house. You, Mr. Speaker, have already had that same question before you and it is standing on the order paper at the present time. The hon. member for Bonavista-Twillingate brought in such a motion about one month ago calling for the production of the same document.

When the discussion opened on that motion for production you ruled that it was not open to debate. Then, following further discussion on the point of order, you ruled that the motion could not be pressed at that point to a vote, and the mover of the motion asked that it be transferred to "Notices of Motions". There it stands now, and will stand until it is reached in the ordinary course. It is to be found on page 16 of today's order paper, item No. 46:

> June 18—*Mr. Pickersgill*—That an order of the house do issue for a copy of "The Canadian Economic Outlook for 1958" as prepared by the Department of Trade and Commerce.

It is evidently the same document that the hon. member for Assiniboia is asking to have produced today. It is quite obvious, Mr. Speaker, in view of the previous proceedings in this house with regard to the same matter and the fact that the question is pending before the house on the order paper, that the motion is out of order on that ground.

There is one further observation I should like to make without trespassing into the realm of the merits of the issue which the hon. member for Assiniboia is seeking to raise. It seems to be implicit in his argument that this is a matter of urgent public importance, that there is some obligation upon the government in relation to advice of certain kinds that it receives from certain officials.

Let me make it quite clear that whatever use the government makes of advice from whatever source, whether advisers within the government or without, the government takes the responsibility for the views it puts before the house; and the government has taken responsibility, and full responsibility, for the views upon which the budget was based when it was introduced in this house on June 17.

Let there be no question about that. The government is not under any obligation to follow the views of any particular official or any particular adviser—

Some hon. Members: Oh, oh.

Mr. Fleming (Eglinton): —and certainly it will take responsibility for the advice that it chooses to accept and follow. I may say in this respect, Mr. Speaker, that the government chooses sound advice, and—and let me put full emphasis on this—up to the minute advice when it submits the budget to the house. The same is true in relation to all the economic questions that enter into the basis of that budget.

Hon. L. B. Pearson (Leader of the Opposition): The closing remarks of the Minister of Finance with regard to the responsibility of the government in this matter, Mr. Speaker, make interesting reading in relation to the remarks of his leader last January in connection with the report from the same department in the previous year and the obligations of the government in respect of that report. However, that is not the question we are debating at the moment; it is the urgency and importance of this particular matter.

There is, I believe, no question about the importance of this matter, because an economic analysis was given by the Minister of Finance when he introduced his budget, and he based his calculations on certain statistics. Those have now, in part at least, been rejected by a government report which has, in part, been made public. Quotations from that report have appeared in the press, and they deny the validity of some of the minister's own calculations in the production of his budget. Nothing could be much more important than that.

Perhaps also it is a matter of urgency to correct any misunderstandings which may have been created in the public mind by the inconsistency between these two reports.

Surely it is urgent that this matter should be cleared up. However, Mr. Speaker, if you decide that the urgency is not such as to require a debate at this moment, then surely the urgency for making this report public now has been abundantly demonstrated.

Mr. Speaker: I take it that the matter that is sought to be brought before the house is not the production of "The Canadian Economic Outlook for 1958", although the last clause in the motion rather indicates that that is sought. There is on the order paper a motion with respect to that report. I shall deal with this motion as a motion to discuss as a matter of definite urgent public importance the discrepancies between the economic forecast made by the Minister of Finance in his budget speech and the forecast made to the government by its economic advisers in "The Canadian Economic Outlook for 1958", as outlined in the recently partially disclosed alleged extract from this report.

As the Leader of the Opposition says, there is no doubt that the economic forecast of the Minister of Finance is a matter of great public importance. However, I think the house must bear in mind, as was pointed out by the Minister of Finance, that it will have an opportunity on Monday, when a supply motion is to be moved, to make a motion relating to any matter that has not yet been decided by the house. On that account I think the urgency would have to be of such an extreme nature that it could not wait over the week end.

In this motion there does not appear to be anything of that kind. In fact it seems doubtful that the motion itself is the kind that can be introduced under rule 26, because it attempts to deal with opinions. The Minister of Finance makes a forecast, which is a matter of opinion. There is a report by the economic advisers, which is another matter of opinion. If the conflict of opinions is the sort of urgent matter which the house must debate immediately and suspend all its other business until it does so, it seems to me that we would get into hopeless confusion.

I therefore cannot accept this motion as a proper one under rule 26.

Mr. Pearson: With great respect, Mr. Speaker, may I ask a question with a view to clarification. Would the presence on the order paper of the motion which is in the name of my friend the hon. member for Bonavista-Twillingate and which deals with this subject preclude a motion being introduced on Monday on supply, dealing with it also?

[Mr. Pearson.]

Mr. Speaker: I did make that ruling. I am now departing from sound practice in answering a question of the Leader of the Opposition. As I did make the statement that these matters could be dealt with, I wish to justify it. I feel that on the supply motion there could be raised the question of the forecast, which of course is properly debatable on the budget motion, in so far as it has not been precluded by some decision of the house. Until the question arises I prefer not to rule on the question of how far the house is precluded from dealing with the existing motion with respect to this report. However, I might make this point. In dealing with it I think I should be guided by the prospect of the motion on the order paper ever being reached. That is a relevant factor.

Mr. Argue: Mr. Speaker, on the point as to whether the motion on the order paper—

Mr. Speaker: Order. I am not inclined to hear more argument. We are really getting off the track. I have disposed of the motion which the hon. member for Assiniboia has moved, and there is nothing else before the house at the moment.

[*Later:*]

PUBLICATION OF ALLEGED EXTRACTS FROM "CANADIAN ECONOMIC OUTLOOK FOR 1958"

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): I should like to direct a question to the Minister of Trade and Commerce, and ask him whether his attention has been drawn to the publication of excerpts from a report of his department, "Canada's Economic Outlook for 1958" which deny many of the optimistic assumptions on which the Minister of Finance based his budget. If so, can he say whether these excerpts are accurate?

Hon. Gordon Churchill (Minister of Trade and Commerce): My attention has been drawn to a report in the Toronto *Star* in regard to what the headline calls a secret report. I have made no further examination of the alleged excerpts quoted in the *Star*, as to whether or not they are from some secret report of the department.

PRIVILEGE

MR. ARGUE—"CANADIAN ECONOMIC OUTLOOK FOR 1958"

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I rise on a question of privilege which I feel affects all members of this house. We are aware that for some weeks now an effort has been made by certain members of the opposition to have disclosed to this house "The Canadian Economic Outlook for 1958". That has not been done; but in spite of the

fact that this report has not been made available to the house, we find what are purported to be very pertinent extracts from the 1958 report contained in the Toronto *Daily Star*.

We are raising this matter at this time because we feel that this matter affects the privileges of every member of this house. If such report has been disclosed in some other way than to the house, we feel it should be immediately tabled in the house.

Mr. Speaker: May I remind the hon. member who raises this question as a matter of privilege that the house has never made any decision with respect to the report known as "The Canadian Economic Outlook for 1958". A motion did come before the house which was not voted upon and at the request of hon. members it was referred to the heading "Notices of Motions" so that it could be debated.

When the hon. member began to speak I thought his point of privilege was that the government had refused to produce this document to the house but had otherwise allowed it to be made public. That is not in accordance with the facts, because the house has not ordered the production of this document. It came before the house on a motion for return of which the house has not yet disposed, so the premise upon which the hon. member bases his matter of privilege seems to be wrong.

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, surely—

Some hon. Members: Order.

Mr. Winch: On the matter of privilege, surely, sir, you will reconsider what you have said. This is a matter which has been raised by the hon. member for Assiniboia and it is an issue which has been raised in this house on many occasions. The document in question is one which the government refused to file in this house because it was a secret and confidential document, but now we see in the press allegedly complete excerpts from that document. When an hon. member of this house sees in the press excerpts from a document which has been denied to this house then certainly, sir, it is not only a matter of privilege, but if the facts are correct it is an insult to the hon. members of this house.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, with the greatest possible respect—

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, may I say—

Mr. Speaker: The Prime Minister.

An hon. Member: The hon. member for Bonavista-Twillingate should sit down.

Mr. Diefenbaker: I think the hon. member for Vancouver East answered himself when he said there were "alleged excerpts in the press".

Some hon. Members: Hear, hear.

Mr. Diefenbaker: If on every occasion alleged excerpts in the press were made the basis upon which privilege could be raised in this house, privilege would be an almost daily occurrence.

Mr. Pickersgill: When I was interrupted by the Prime Minister—

Some hon. Members: Oh, oh.

Mr. Speaker: I gave the floor to the Prime Minister on the well established rule of debate that it is better to have contending views expressed alternately.

Mr. Diefenbaker: If the hon. gentleman will allow me, I rose because of the fact that I have to leave the house at 11.30 in order to meet Princess Margaret. That is the reason I rose, so as to answer the argument, and at the same time not be late for a responsibility which happens to fall upon me.

Mr. Pickersgill: I can assure the Prime Minister that I do not object to being interrupted by him at any time. When I rose I was about to point out to Your Honour with great respect that although it is quite true that the motion standing in my name is still on the order paper, and therefore the house has made no decision on it, at the same time the Prime Minister, in his statement at the time the motion was called, indicated very clearly that the government was refusing to produce this document, and it was because a debate was desired on the refusal of the government that this matter arose.

It appears to me that since this document, or large sections of it, have appeared in the press, although the Prime Minister used the words "alleged extracts"—

Mr. Diefenbaker: I took the words from the last hon. gentleman who spoke.

Mr. Pickersgill: —I think the Minister of Finance indicated quite clearly by his previous intervention that the alleged extracts were, in fact, actual extracts.

Mr. Fleming (Eglinton): I did no such thing.

Mr. Pickersgill: I believe I have the floor. It seems to me that since the government through the mouth of the Minister of Finance has admitted that part of this document has been published, surely now the house is entitled to the whole document forthwith.

Inquiries of the Ministry

Mr. Fleming (Eglinton): In view of the last and utterly erroneous statement by the hon. member for Bonavista-Twillingate, let me make it clear that I have not said there has been any disclosure, or that what has appeared in the newspaper is taken from the report, or anything else. I have made no such statement, and I do not intend to have statements like that put into my mouth by the hon. member for Bonavista-Twillingate.

Mr. Pickersgill: May I ask a supplementary question. May I ask the minister if they are or if they are not?

Mr. Fleming (Eglinton): I do not know, Mr. Speaker. I have not made a point of reviewing all the conjectures that appear in the Toronto *Daily Star*. That would be a full time job.

Mr. Speaker: While the question of whether the privileges of the house have been infringed is a matter for the house itself to decide, I have to take the responsibility of saying whether or not there is a prima facie case. I have already indicated my view; and in reply to the argument by the hon. member for Bonavista-Twillingate, he made an assumption that if the house ordered the production of the document the government would refuse it. I do not think that is an assumption which can properly be made.

Mr. Pickersgill: With great respect, that was not my contention.

Mr. Speaker: I understood the hon. member to ask me to accept the Prime Minister's statement that the document was a confidential one and that therefore the government did not consider it should be asked to produce it, as a contravention of something the house has decided. But the house has made no decision in this matter. The hon. gentleman is also making an assumption that if the house decided to order the production of this document the government would not produce it. I have given a good deal of latitude in the discussion of this question, I think, and we might now consider the matter to be closed.

MR. MARTIN (TIMMINS)—REFERENCE TO REMARKS IN DEBATE ON AUGUST 1

On the orders of the day:

Mr. M. W. Martin (Timmins): Mr. Speaker, I rise on a question of privilege. It has to do with remarks made yesterday by the hon. member for Victoria, British Columbia. I hesitated to raise it yesterday because I wanted to make quite sure of the wording of his remarks so I should not do an injustice to the hon. member. I say further that these remarks were not made in the heat of debate; they were made in his opening statement, and consequently must be considered to be premeditated and carefully thought out. I refer to the words on page 2980 of *Hansard*, which read as follows:

> It is not many years ago, Mr. Speaker, since the group to your left advocated that all the rich should be shot and everybody with a buck should be machine-gunned.

As a member of the group to your left, sir, I feel that this is a reflection on my character, and certainly it is untrue. It is something I have never advocated, and furthermore I have never heard it advocated by any member of my party, certainly not by this group to your left. I think the words should be withdrawn.

Mr. Speaker: I do not know whether the hon. member read the rest of the remarks in *Hansard*, but that matter was dealt with fully yesterday and I think he will find, if he reads the rest of the report, how it was dealt with. There was a point of order as to whether the member was contravening the rules of debate, and it was dealt with. There was no reference to the hon. member for Timmins which would make it possible for him to raise the matter on the basis that he was not here yesterday and had not the opportunity.

Mr. Martin (Timmins): I was here.

Mr. Speaker: Then the hon. member should have dealt with it. The phrase "the group to your left" could have referred to another group farther down and another group still farther down. In the context I do not think it did. As I explained yesterday, with respect to general allegations, unless they are brought home to individuals, members should not look for offence to themselves. I have acted on that principle.

Mr. Pearson: With respect, Mr. Speaker, may I say we are not a group to your left; we are a party to your left.

Mr. Speaker: I was referring to the group beyond the hon. member.

Mr. Pallett: Mr. Speaker, I have waited many a day so I could say, "speaking for this group". I assume when you say "beyond the Leader of the Opposition" you are looking from this point on.

Mr. Herridge: As one who is implicated in this charge I do want to say it is completely untrue. I have never murdered anybody. Speaking seriously, Mr. Speaker, I suggest that the member was most unfair to make such a suggestion, and in fairness to the house in general he should apologize to this group.

Mr. Green: On a point of order, this whole question was dealt with yesterday at considerable length during the debate, and that should have closed it. Now my hon. friends of the C.C.F. come back this morning and make a second attempt to have the statement withdrawn. If they can do that a second time they can do it 10 times. I suggest it is out of order.

Mr. Pickersgill: There are all kinds of precedents for it.

Mr. Speaker: The minister is quite correct. I hope hon. members in the group to my left will govern themselves accordingly.

Mr. Winch: Mr. Speaker, let me say one word.

Mr. Speaker: I am sorry; the point has been taken that this matter was dealt with fully, and if the hon. member wishes to speak on it I must tell him that he is out of order. If he wants to speak about something else he has the floor.

EXTERNAL AFFAIRS

POLAND—REQUEST FOR PROTEST OVER VIOLATION OF CATHOLIC SHRINE

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): I wanted to direct a question to the Prime Minister, but perhaps in his absence the Secretary of State for External Affairs might be able to deal with it. If not it could be taken as notice. I realize that the Prime Minister is not able to be here.

Has the Secretary of State for External Affairs or any other member of the government received an appeal from Canadians of Polish descent through the Canadian Polish congress that the Canadian government should protest to the Polish government concerning the violation by their police of the holy Catholic shrine at the monastery of Czestochowa? If so, what action does the government propose to take?

Hon. Sidney E. Smith (Secretary of State for External Affairs): While I will take this as notice, I give the tentative answer that I have no knowledge of any such communication coming to my department.

LEBANON—REPORTED LANDING OF FURTHER UNITED STATES REINFORCEMENTS

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I wonder whether the Secretary of State for External Affairs would comment on the report in this morning's press that the United States has landed further powerful armoured reinforcements in Lebanon. Can the minister assure the house that Canada takes the position that there should be no further build-up of military forces in the Middle East while current energetic and fruitful negotiations are proceeding?

Hon. Sidney E. Smith (Secretary of State for External Affairs): Mr. Speaker, I have only the information that is available to the hon. member with respect to additional landings of United States troops in Lebanon. I have no official word with respect to that matter, and I have no comment to make about it.

Mr. Argue: On the general question, I wonder whether the minister can say that it is Canada's position that there should be no further build-up of military forces in the Middle East at this time while current energetic and, I think, fruitful negotiations are taking place within the framework of the United Nations?

Mr. Smith (Hastings-Frontenac): I answered the question, and I rely on my answer.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, on this point would the minister attempt to secure information as to the nature of these reinforcements, because it is important that we should know. If it is a matter of replacement or some additional housekeeping troops that is one thing; but if, as the press indicates, it is a matter of new armoured troops that is something else. Perhaps the minister would be able to find that out.

Mr. Smith (Hastings-Frontenac): I am happy to assure the house that I have anticipated the suggestion of the Leader of the Opposition.

WATER RESOURCES

CHICAGO DIVERSION—STATEMENT ON EFFECT OF PROPOSED INCREASE

On the orders of the day:

Hon. Sidney E. Smith (Secretary of State for External Affairs): Mr. Speaker, I wish to take this opportunity to answer the question which was addressed to me on Wednesday, July 30, by the hon. member for Lambton West dealing with water diversion at Chicago. My answer to his question, which was directed to three main points, is as follows:

1. The position taken by Canada with respect to a proposed additional diversion of 1,000 cubic feet per second from lake Michigan at Chicago is set forth in an aide memoire dated January 6, 1958. As the document is somewhat long, I ask leave to have it printed as an annex to *Hansard*.

Inquiries of the Ministry

2. To the extent that any additional diversion of water may take place at Chicago, the level of the lower lakes and connecting channels will be reduced as far as Montreal, and there will be a corresponding reduction in the availability of water for hydroelectric generation at Niagara, Barnhart and Beauharnois. The effect, however, varies at different places and at different times over a period of years. I should be pleased to arrange for the hon. member to consult tables and graphs in order to determine precisely what effect a particular diversion would have at a specific time in a specific place.

3. Principles applicable to a diversion from lake Michigan would not necessarily apply to boundary waters, as lake Michigan is not a boundary water.

[*For text of document above referred to, see appendix, page 3041.*]

SHIPPING

STATEMENT ON SALE OF "QUEEN OF THE NORTH"

On the orders of the day:

Hon. George H. Hees (Minister of Transport): Mr. Speaker, yesterday the hon. member for Skeena asked the following question:

In view of the fact that the C.P.R. has sold its ship *Queen of the North,* will the minister indicate what is the position of the C.P.R. and of Northland Navigation Limited, the purchaser of the ship, with respect to the subvention which originally was being paid to the C.P.R. for certain up-coast runs?

Mr. Speaker, this matter is under consideration at the present time, and as soon as a decision is reached it will be communicated to the house.

Mr. Frank Howard (Skeena): I wonder if the minister could indicate how long it will be before the decision is reached.

Mr. Hees: I expect it will be possible to make an announcement within the next week or so.

BROADCASTING

REPORTED APPOINTMENT OF CHAIRMAN OF REGULATORY BOARD

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to that genial tranquillizer of public fears, doubts and suspicions, the Minister of National Revenue.

Would the minister inform the house if there is any truth in press reports and current rumour to the effect that Mr. J. George Johnston, publisher of *The Printed Word,* has been offered the position of chairman of a board to regulate both the C.B.C. and private radio and television in Canada?

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, the answer is no.

POST OFFICE DEPARTMENT

FABRE STATION, QUE.—STATEMENT ON PROTEST RESPECTING CLOSING OF POST OFFICE

On the orders of the day:

Hon. W. M. Hamilton (Postmaster General): Mr. Speaker, yesterday the hon. member for Hull asked me a question to which I undertook to get an answer. The answer is yes.

BUSINESS OF THE HOUSE

INQUIRY AS TO FURTHER LEGISLATION TO BE INTRODUCED THIS SESSION

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, might I ask the leader of the house to give us the assurance, if he can, now that we are in the month of August and would normally soon be bringing our work to a conclusion, that all the legislation the government contemplates introducing at this session will be on the order paper by, say, Monday.

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, no doubt this will be dealt with during the debate on the motion which appears in *Votes and Proceedings* today, dealing with the change in the sitting hours of the house. I cannot give the Leader of the Opposition the assurance that all the legislation will be on the order paper by Monday. Most of it is already on, but there is a measure dealing with broadcasting which will not be ready on Monday. There may be others, but that one would certainly not be ready.

Mr. Pearson: On that point, may I ask the minister whether he does not realize our difficulty in deciding on the attitude we should take toward the measure to be debated Monday if we do not know what the legislation is that is to be introduced.

Mr. Green: During the course of another debate some weeks ago dealing with the sittings of the house the Prime Minister gave an outline of the legislation which was to be brought down. If the Leader of the Opposition will refer to that debate he will find that the statement covers the situation.

Mr. Winch: Everything named in the throne speech, he said.

CANADIAN BROADCASTING CORPORATION

REQUEST FOR RESUMPTION OF PROGRAM "THE NATION'S BUSINESS"

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I should like to ask the Minister of National Revenue, now that more than three months have elapsed since the general election, if he can find out from the C.B.C. whether they have any intention of resuming the program "The Nation's Business" on radio and television, which was broadcast in previous years?

Hon. George C. Nowlan (Minister of National Revenue): Yes, Mr. Speaker, I will make inquiry concerning that matter. I had the impression it was being carried on the radio, but I have not been listening to the radio very much recently and had not noticed that it had been dropped.

SUPPLY

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

DEPARTMENT OF VETERANS AFFAIRS

War veterans allowances and other benefits—

483. War veterans allowances, $58,066,500.

Mr. Carter: Mr. Chairman, I am not sure that this is the exact place to ask this question, but perhaps it is as good as any other. Can the minister tell the house what advantage is now being taken of the educational courses that used to be supplied by the Legion?

Mr. Brooks: If I understood the hon. member correctly he wanted to know about the educational support supplied by the Legion?

Mr. Carter: No. At one time the Canadian Legion had a whole set of educational correspondence courses for members of the armed services, and I think they have been carried on under the minister's department for a number of years.

Mr. Brooks: I might advise the hon. member that we are still carrying on the work that was started by the Canadian Legion.

Mr. Carter: Do you know how many people are actually taking advantage of these courses? The item can be carried; I can get the answer some other time.

Mr. Brooks: The total number of veterans registered and taking correspondence courses in 1957-58 was 4,934.

Mr. Robichaud: Can the minister give the committee the total number of veterans who have benefited from the amendment made last January or February? I refer to the amendment whereby world war I veterans would qualify for war veterans allowance after having served a certain period overseas. How many applications have been approved since then, and what is the total annual cost?

Mr. Brooks: I am sorry, but we do not have that information. We will get it for the hon. member.

Item agreed to.

485. Treatment and other allowances, $2,400,000.

Mr. Pearson: Perhaps the question I wish to ask under this item should have been asked under item 476 but we are making such progress that we were beyond item 476 before I could get my book open. However, I think it is appropriate under item 485.

Has the minister any discretion with regard to the admission to veterans hospitals of persons who may not be technically qualified as veterans, but who for a special purpose desire to enter these hospitals for special treatment which they cannot get so easily elsewhere, who are willing to pay all expenses incurred and who, though not technically veterans, may have made an important contribution to war service during wartime? Has he any discretion in regard to the application of the act in that respect?

Mr. Brooks: The Leader of the Opposition has indicated that the people of whom he is speaking are definitely not veterans. With respect to those other than veterans it is only in the case of an emergency that the minister has discretion.

Mr. Pearson: He has discretion in a case of emergency but in no other?

Mr. Brooks: That is correct.

Item agreed to.

Soldier Settlement and Veterans' Land Act—

492. To provide for the cost of administration of Veterans' Land Act; Soldier Settlement and British Family Settlement, $5,249,350.

Mr. Herridge: I want to make a few brief remarks with regard to policy under this item because, while we had ample opportunity to question the director of the Veterans' Land Act administration when considering the estimates in the standing committee naturally of course we have to deal with any change of policy in the house. I wish to bring up again the old hardy perennial that I have brought before the house quite a number of times and with regard to which the minister was kind enough to support me on two or three occasions in years past. I refer to the necessity for a reduction of the acreage to a quarter of an acre for small holdings under the Veterans' Land Act.

The matter is of primary concern to a number of veterans I have the honour to represent owing to the nature of the country and the difficulty in obtaining the acreage required under the present regulations. Before proceeding, I may say that I find that the vast majority of veterans prefer to operate under the Veterans' Land Act administration rather than under Central Mortgage and Housing Corporation. The day they are transferred from the shepherding of the Veterans' Land Act administration to Central Mortgage and Housing Corporation is a sad day for them. There is a somewhat different approach to these problems on the part of the two organizations. I think that is understandable in view of the fact that the V.L.A. staff are all veterans and understand the particular problems veterans have, their psychology and their approach to things in general.

I mention the matter again at the request of a good number of veterans in my constituency and branches of the Canadian Legion. In view of the representations made in the house and in view of the minister's sympathy for our approach to this question in years past, I would ask the minister whether the government has given consideration to a reduction of the acreage for small holdings to about a quarter of an acre where the particular circumstances in any area indicate that this is desirable.

Mr. Brooks: I want to thank the hon. member for bringing this matter to the attention of the house. I might advise him that it is receiving very careful consideration. We are studying the Veterans' Land Act in the department and it is our opinion that the act, being one of the most important pieces of veterans legislation, should receive study next year by the veterans affairs committee.

I think it will be realized that there are a number of amendments that could be made. The hon. member for Kootenay West will have an opportunity to present his views when this measure is under study next year. I assure him that we intend to make a very thorough study of the Veterans' Land Act next year in the veterans affairs committee. It is one of the first acts I intend to bring before it.

Mr. Herridge: I hope I am there to deny some of the pessimistic views that have been expressed by some of the officials with regard to the life expectancy of veterans of the first world war.

Mr. Pearson: May I take advantage of this item to pay my tribute, on behalf of this party, to the effective, intelligent and understanding way in which this act is being administered, and especially to the works of the administration.

Mr. Brooks: I should like to thank the Leader of the Opposition for his remarks. At the same time I should like also to thank the hon. member for Kootenay West, who in his remarks last night paid tribute not only to those who administer the Veterans' Land Act but to the officials who are administering all the different branches of the Department of Veterans Affairs. I appreciate those remarks, and I want to say that I personally feel they were well deserved.

Item agreed to.

494. To provide for the payment of grants to veterans settled on provincial lands in accordance with agreements with provincial governments under section 38 of the Veterans' Land Act and payment of grants to veterans settled on dominion lands, in accordance with an agreement with the Minister of Northern Affairs and National Resources under section 38 of the Veterans' Land Act, $215,000.

Mr. Winkler: I should like to speak very briefly on item No. 494 with regard to the Veterans' Land Act and the advisability of raising the ceiling on loans made under that act. I was happy to hear the minister say that this act would be brought up for consideration and amendment next session. I feel it would be wise, however, to give the committee certain information on this particular point.

As hon. members no doubt know, the ceiling for loans under the Veterans' Land Act has been set at $9,000, whereas in the case of the farm loan board it has been set at $15,000. Since the inception of the Veterans' Land Act there has been a total of something in the neighbourhood of $370 million in circulation, and at the present date there is a little more than $201 million in circulation. This is being repaid at the rate of $20,355,000 a year. There is a very negligible amount of money, $11,300, outstanding in principal and interest for more than a three-year period, and about $8,000 of this is in the province of Saskatchewan. I might add also that the province of Saskatchewan has a higher rate of cash repayment.

Because of the very low figure, and the efficiency of the program in the farming industry, I should like to ask the minister to take into consideration the advisability of raising the ceiling on loans under this act. I believe it is not necessary for me to mention a figure, because I am not one to judge the cost of establishing farms. I imagine that a sum in the neighbourhood of $20,000 would be a reasonable limit in view of the current cost of establishment. I noticed that according

to the Canadian farm loan board the demand for money today is 306 per cent greater than at the time of the inception of that board. I would ask the minister to give this matter serious consideration in the future.

Mr. Brooks: I want to thank the hon. member for Grey-Bruce, Mr. Chairman, for his suggestion. I am very happy to be able to advise him that we have already prepared considerable material in the department on this very subject matter. As a matter of fact the material we have prepared is being studied not only by the Department of Agriculture but also by the Department of Finance in relation to the farm loan act. This is a matter which will be thoroughly discussed, I may tell the hon. member, in the veterans affairs committee when we have the Veterans' Land Act before that committee next year. I hope the hon. member will be a member of that committee next year as he has been this year.

Item agreed to.

Terminable services—

498. Veterans benefits, including assistance and training of certain pensioners under regulations approved by the Governor in Council, $1,050,000.

Mr. Caron: Has there been any increase in the gratuities given to world war I veterans? At the time they were treated according to the standards of the day following the first world war, and have those gratuities been increased since?

Mr. Brooks: I am sorry, I did not catch the hon. member's question?

Mr. Caron: The gratuities which were given to the soldiers in world war I; I think at the time they were calculated on the cost of living after the first war, and have they been increased since?

Mr. Brooks: No, the gratuities have not been increased. Of course the gratuities given at the end of the first war were moneys given to help re-establish the veterans. The value of the gratuity at that time was, of course, 100 per cent, and there would be no reason for increasing it now because these veterans have been re-established for a good many years.

Item agreed to.

499. To provide for the repayment in such amounts as the Minister of Veterans Affairs determines, not exceeding the whole of an amount equivalent to the compensating adjustment made under subsection (1) of section 13 of the War Service Grants Act or the payment made pursuant to paragraph (c) of subsection (2) of section 12 of the Veterans Rehabilitation Act, where the person who made the compensating adjustment or payment does not receive benefits under the Veterans' Land Act or where, having had financial assistance under that act, he is deemed by the minister on termination of his contract or agreement under that act to have derived thereunder either no benefit or a benefit that is less than the amount of the compensating adjustment or payment made, $250,000.

Mr. Herridge: I just want to say a word or two on this item. I do not know whether or not I am strictly in order. I intended to say this on the administration item but it slipped my mind. In the committee we heard representations with respect to the merchant seamen. Mr. Heide suggested certain improvements concerning pensions, requested burnt-out pensions, dealt with medical boards and the extension of the Veterans' Land Act to certain seamen, and so on.

As a long-time member of the committee I realize all the complications and difficulties in doing justice to those within this group who should receive some consideration. I am primarily concerned with the individuals who may suffer some injustice at the present time because of the failure of the legislation to properly give them the protection or compensation they should have. We heard these representations from Mr. Heide, and I believe the departmental officials are going to secure some further information so we will have the representations of Mr. Heide and the information from the department to study.

I trust that at the next session the standing committee will have an opportunity to go into this matter thoroughly. I fully appreciate that the question is most complicated and difficult. In addition, although the Canadian corps of firefighters have not made representations as a body, I know that individual units or locals have written to various members in this house. Therefore I trust that at the next session the standing committee will have an opportunity to hear any representations that organization wishes to make.

Now, before I take my seat, I want to remedy an oversight on my part. In my hurry last night I forgot to express the appreciation of this group for the admirable way in which the chairman of the standing committee on veterans affairs performed his duties. We thought he was most fair in dealing with the questions that came up, and I simply want to say that so people will know that when we appreciate the way things are handled we say so, as we are not backward in saying when we think things are handled badly.

Mr. Brooks: The hon. member realizes that this is not a new subject. It has been considered in veterans affairs committees for quite a number of years, ever since the second world war as a matter of fact.

I know he will agree with me that it has always received very sympathetic study from all members of the committee from all parties and at all times. He will recall that there was quite a stand taken right after the war to have the merchant marine considered as a fourth arm of the service, as it were. This was not done but it concerned, I think, the Department of National Defence more than it does the Department of Veterans Affairs.

Everyone realizes the great work that was done by the merchant marine during the war. The casualties were heavy. The men were in constant danger. We all remember the trips they took to Murmansk and across the various oceans and the seven seas constantly threatened by submarines. However, what applies to the Canadian merchant marine applied also to the merchant marine of all the allied forces. I might say that none of the nations—including Great Britain, France, Australia, the United States, Italy and others —ever accepted the merchant marine as a fourth arm of the service. I think that is correct. It has not been done in Canada either.

There were a good many advantages given to the merchant marine under the war pensions act. I should like to read to the committee just some of the benefits which were granted to the merchant marine after the last war.

1. Any seaman eligible for either the war service bonus or the special bonus was also eligible for railway fare from port to final discharge in Canada to the permanent residence of the seaman in Canada.

2. Pensions were awarded on a scale approximating the rate in the pensions act, and were granted for death or disability suffered as a result of enemy action or counteraction. Payments are authorized under the provisions of the Civilian War Pensions and Allowances Act and include payment to widows and dependents of seamen killed in enemy action.

3. Full benefits under the Reinstatement in Civil Employment Act were granted.

4. Treatment was provided for non-pensionable disabilities incurred in service at sea for a period of 18 months if evidenced within 12 months of termination of service.

5. Compensation with pay for loss of effects and wages and payment of special bonus was continued if in enemy prison.

6. If pensionable, treatment is provided for pensionable disabilities including hospital allowance.

7. If pensionable, benefits under the Veterans' Land Act were available.

8. Benefits of the Veterans Insurance Act are available to any seaman eligible for either war service bonus or special bonus.

9. The Unemployment Insurance Act was made applicable to merchant seamen to whom the war service bonus or special bonus are payable.

There were other benefits requested and, as the hon. member mentioned, the officials of my department are meeting the veterans affairs committee and this matter is going to be discussed at the next meeting of that committee.

While I am on my feet may I say this. The hon. member for Burin-Burgeo made some remarks the other night and asked some questions with reference to the War Veterans' Allowance Act, or at least with reference to making Great Britain a theatre of war for the first war. He wanted to know why it was that a period of 365 days was required. It is not necessary for me to tell the house the history of the War Veterans' Allowance Act but I might mention a few facts.

It was granted first on the recommendation of some very prominent men in the Legion and in public life in Canada and in parliament. The basis for the recommendation was the fact that the men who served in the front line trenches—and these men had been visited by those who made the recommendation—put up with the privations which they had to encounter there. Those who were in the front line in the first war know that not only were the Germans a few yards away but that there were the lice, the rats and the mud to be contended with.

I think this was first mentioned in Saint John at a meeting of the dominion command of the Canadian Legion. I believe Dr. MacLaren who was a former minister of pensions and national health was one of those who made the following suggestion, and Senator Power who was also at the meeting supported it. It was suggested that the terrible hardships which these men had to undergo in the first world war must have shortened their life possibly to the extent of 10 years.

That is the basis, Mr. Chairman, for providing war veterans allowances for men of the first war. It has been extended since. It was extended to dual veterans, men who had served in two world wars. It was extended to take in all men who had served in England, just recently by our amendment, except those who had not been there for 365 days.

I might give the basis for the 365 days. As to the men who landed in England in the early part of the war, many of them were well-experienced men and they were needed to drill troops and for administration purposes. They also had to put up with many

privations. We all read of the winter they spent on Salisbury Plain and know that the accommodation was not good. We also know that these men were away from their families and their homes for three and four years, whereas the men who only served for a short time and came to England—many of them, I know from reading their applications, some thousands of them—came just a few months before the war ended.

These men are not considered, and I do not think that anyone can so consider them, in the same category as the men I have just mentioned. They were home. Many of them received good wages in factories and so on. They came just at the end of the war.

In his argument last night my hon. friend said they sailed across the Atlantic ocean, and anybody who sailed across the Atlantic ocean was in great danger. I hope my hon. friend will never mention that argument before a group of these old soldiers I spoke of a few moments ago who served in the trenches amid the mud, lice, rats and so on with the Germans in front of them.

Mind you, if the late arrivals had suffered I would be the first one to ask that they receive this benefit. But in the latter part of the war the Atlantic ocean was not too dangerous to cross. The German navy had been destroyed. There were very few U-boats. There was no great danger in going across the Atlantic ocean in 1918, just before the war ended. As a matter of fact those who took that trip stayed a few months in England and came back again. It would certainly take some stretch of the imagination to make me or any of the members of the veterans organizations across this country believe that the lives of those men had been reduced by 10 years or 10 months or even by 10 days.

That, Mr. Chairman and hon. members, is my opinion and I think it is the opinion of most of the veterans across this country, namely that there is no necessity for extending the war veterans allowance benefits any further than we have extended them, namely to the extent of 365 days in England.

The hon. member spoke about the Newfoundland veterans and I have assured him, as I assure him once again, that this is one of the first matters with which I am hoping to deal. It takes a little time, and I perhaps get a little impatient. I thought we might have attended to this matter before now, but it does take longer than we amateurs expect when we try to do these things. It is, however, being thoroughly studied and is well on the way.

The hon. member also mentioned a Newfoundland hospital, and I think he suggested that the hospital at Fort Pepperrell might be acquired. Several weeks ago we became aware of the possibility that this hospital would be vacated by the United States forces and might become available for other use. Consideration was given to the usefulness of this hospital to the Department of Veterans Affairs. It is not intended to request that this hospital be turned over to the department, since it is considered that the proposal already made for the construction of hospital accommodation in St. John's will provide better and more efficient facilities for the hospitalization of veterans in Newfoundland. I also understand that the problem of getting doctors and nurses would create considerable difficulty.

Mr. Carter: Mr. Chairman, I would like to say a few words in reply to the statement the minister has just made. I think everyone would agree with the stand taken when the war veterans allowance was introduced, which was that by reason of his war service in the trenches and the hardships undergone by the serviceman, his normal span of life was reduced by about 10 years, and he would therefore require a pension at the age of 60 because his physical condition would be comparable with that of an ordinary person at the age of 70. Pensions at that time, however, were available only to people aged 70 and over and it was felt that something should be done for the veterans. This was carried out by means of the burned-out pension or the war veterans' allowance.

I am in complete agreement with the minister up to that point, but as he himself pointed out, as time went on these restrictions became relaxed, and pensions were awarded on the basis of a person having served in a theatre of war. That theatre of war was anywhere on the continent of Europe. Many people who went overseas in 1917 and arrived on the continent after the armistice, without having spent a day in the trenches and without having heard a shot fired, but simply because they were lucky enough to get across the channel and land in France, immediately became eligible under the act for a burned-out pension.

Many such people have received awards, and this introduces an element of inequity in the administration of this legislation. If the benefits were restricted to only those people who had served in the firing line and who had undergone hardships and privations such as the rats—the minister mentioned rats but he did not mention vermin, although I can assure him they were worse than the rats in my part of the line—

Mr. Brooks: I shall never forget them.

Mr. Carter: —that would have been perfectly all right, but we have gone away from that idea and have said that anybody who got to Europe at any time gets a war veterans allowance. I know of many cases of people who, just because they were lucky enough to get a draft in the last months of the war, are in this position. I also know so far as the Newfoundland regiment was concerned, those soldiers were pushed across pretty fast and were in England for perhaps three or four days and then were across the channel. Many became eligible for war veterans allowance after world war I who were not away from their families as long as a lot of other people; some were away for 365 days.

But my quarrel with this is the basis upon which it is awarded. That basis is that the man must have served in a theatre of war, and I contend that in the year 1917 the Atlantic ocean was every bit as much a theatre of war as was the continent of Europe at the time of the armistice.

Mr. Brooks: If a soldier went across in 1917 he would have his year. I was speaking of 1918.

Mr. Carter: I mentioned the latter part of the year. The minister made one statement which I want to refute right away. He said that he thought there would be quite a great deal of trouble in convincing the old sweats that there was much danger in crossing the Atlantic ocean. I would like to tell him that when I crossed that ocean the submarine menace was pretty bad.

Mr. Brooks: When did you cross? Let us get this matter straightened out. I was speaking of the latter part of 1918 after the German navy had been driven off the seas and the submarines had mostly been destroyed. I know that in the first three years of the war it was very dangerous to cross the ocean, but all those men are eligible for war veterans' allowance. Do not let us get confused. When did the hon. member cross the ocean?

Mr. Carter: I crossed early in 1917.

Mr. Brooks: Oh, certainly.

Mr. Carter: But I am referring to the people who came after that time, and I do not think the subs were chased off the ocean to that extent, even in 1918. Nineteen hundred and seventeen, if I remember correctly, was the height of the sub menace. That was the hardest time. This brings to mind another inequity, in that a merchant navy man who enlisted in 1918 and served on an escort for these fellows who were going over gets credit for having served in a theatre of war and receives a war veterans allowance. The poor devil who was on the ship being escorted, however, cannot get a war veterans allowance because he was not in a theatre of war. I think that inequity should be straightened out.

I was very glad to hear the minister state that certain proposals are being considered for a veterans' hospital in Newfoundland which would be much better than the facilities offered by the United States base at Fort Pepperrell. I wonder if the minister could go a step further and tell us just what proposals are under consideration.

Mr. Brooks: I may say the proposals are not yet final. As soon as they are I will let the hon. member know.

Item agreed to.

The Chairman: This completes the estimates of the Department of Veterans Affairs.

DEPARTMENT OF JUSTICE

Royal Canadian Mounted Police—

Headquarters administration, national police services and training establishments—

373. Administration, operation and maintenance, $8,131,933.

The Chairman: The Department of Justice, vote No. 373. This item will be found on page 71 of the blue book, the details on page 499. Shall the item carry?

Mr. Pickersgill: Mr. Chairman, is the minister going to give us any statement on this item?

Mr. Fulton: Mr. Chairman, it had not been my intention to do so and I do not think that has been the custom in the past. I shall be very glad to listen to any general observations members may have to make and attempt to reply to any questions of a general nature on this item with respect to the Royal Canadian Mounted Police.

Mr. Pickersgill: Mr. Chairman, I would like to make a few observations on one specific subject, and that is the security screening which is carried on—of course by and under the responsibility of the government—and of which the Royal Canadian Mounted Police is the principal instrument. I noted with a great deal of interest the answer given by the minister to a question put by the hon. member for Port Arthur which will be found at page 831 of *Hansard* for June 4, 1958. Perhaps in order to refresh the memories of members of the committee I might read both the question and the answer.

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I should like to address this question to the Minister of Justice. In view of the welcome news that a new federal approach to security was revealed in a C.B.C. versus labour dispute involving an employee, would the minister care to make a statement to

this house on the scope of the new federal approach in allowing adverse security reports to be seen by those reported upon?

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, I think I should at once correct the misapprehension which would otherwise be created by the form in which the question was put. To my knowledge, at the hearing which was arranged as a special hearing in this one case, the written security reports, at least in the sense of the complete documents on file, were not shown to the employee involved. It would not be possible to disclose our security files to anyone not authorized to see them.

This particular procedure was an attempt to find an answer to the problem of allowing a hearing, which could properly be called a hearing, to an employee who is suspected on security grounds. In so far as the hearing went, it was a special arrangement, and we are continuing to study the whole question to see if this does suggest a suitable pattern for dealing with this problem.

I read that statement not to criticize it in any way whatsoever. When the Minister of Justice was on this side of the house on several occasions—and I will not waste the time of the committee by referring to them now—he expressed concern about the security procedures which were in effect at that time, and I certainly feel that any hon. member who does not feel concerned about this subject is not really sensitive to the fundamental concepts of justice.

As members of the committee know, I have had over 20 years' experience in the public service and in public life, and it so happens that in the past I have had a good deal to do with such matters in one way or another and in one capacity or another, and I can assure hon. members that there is no more difficult and no more disagreeable public duty which anyone has to perform than that performed by whoever is responsible for carrying out these procedures. It is, I think, distasteful to the natural sense of justice of all of us that any kind of circumstance should arise where a man should be deprived of his employment, or transferred, as often happens, from one kind of employment to another, for reasons which are not fully disclosed to that person. It is repugnant to all of us, or at least I hope it is. It was certainly very repugnant to me.

The only justification I considered to exist when I was where the hon. gentleman is now, on the treasury benches, for having any such procedure, is that it is the supreme duty of the government to safeguard the state itself, and that in the kind of world in which we have had the misfortune to live for a very long time—I say "misfortune" from a somewhat limited point of view, because I do not really think it is a misfortune to be alive, but in the kind of world in which we have had the misfortune to have had to carry on our public affairs—we have been faced at least for 20 years with enemies or potential enemies of the Canadian people who have sought to undermine the security of our country both in war and in the postwar period, and we had a very deplorable experience which is not yet out of the memories of many of us, immediately after the war, when it was discovered, by a series of accidents, coupled with excellent police work, that there were in various branches of the public service certain persons who appeared to be, and some of them were convicted of being, the agents of a country which, at least, had no friendly designs in having those agents there.

Therefore, it seems to me there is no way in which the government can escape its responsibility for security screening. As hon. members know, I am not very lavish in my compliments to hon. gentlemen opposite, but I have been very much impressed by the responsible attitude displayed by the Minister of Justice in this matter since he has occupied his present position. He has never attempted to pretend that every position he took when he was over here has turned out to be a tenable position. He has honestly and frankly stated the difficulties he found when he assumed his responsibilities, and he has tried to face this problem squarely.

If these people were guilty of some kind of crime, that would be very simple to deal with. A charge could be laid in the courts and the whole matter disposed of. But what really is the problem in the case of security is that all there is, is suspicion, suspicion that a man is not reliable. That does not mean he is a spy, but that he is thought to be the kind of person who, because of his habits or associations, might betray the interests of our country in essential respects.

The main debate about this subject is really narrowed down to a small point, and that point is this; whether, when such a man is suspected, he should be told precisely what the suspicion is, or whether he should not. This is the whole problem. We have had a good many debates in this house in which arguments have been raised on both sides of that question. The subject has been debated in Westminster also, and in neither Canada nor in the United Kingdom—I do not propose to go further afield for any examples, because I do not think any of the other examples have been very helpful—has it been found possible by the government, whatever its political complexion, to make all the information and all the allegations available to the suspected person in order that he might have an opportunity to reply to them fully, or to refute them.

That is what we should like to do. I hope everyone in the committee would like to see that done if it could be done, but I want to

emphasize again that these people are not being charged with any crime, and the consequences of making information available to such a person could be manifold, if the suspicions were justified. There is the risk that if he is in guilty association he will inform the persons with whom he has that association. Another consequence could arise, particularly if the man did not feel any sense of guilt; with the natural indignation that all of us would feel in such a situation he might make the whole matter public.

I may be asked why I am concerned about that, now that I am no longer in the government, but I would say this. If, indeed, there be a good case for dispensing with the services of a man on security grounds, that is no reason for making him unemployable. But if a great public inquiry is aroused, what one is really doing is injuring the long-term prospects of the man himself for gainful and useful employment and for a quiet life, a man who is not guilty of any crime but who might be indiscreet. Now, this is, as I say, the problem. I know the minister feels the same concern that we felt when we were on the treasury benches to meet this problem in the best way it can be met.

The minister not only excited my curiosity but he also raised a point which I think should be of concern to all of us in the answer he gave on June 4. I was hoping that, after any other hon. members who wished to say anything about this particular aspect of the subject have spoken, the minister would tell us whether any progress has been made along this line, or whether any other changes have been made in the procedures that were followed.

Mr. Winch: Does the minister want to answer that before we speak on another subject?

Mr. Fulton: If no other hon. member wishes to speak on this subject I can perhaps deal with it at this time. I appreciate what the hon. member for Bonavista-Twillingate has said, both with respect to myself and the efforts made and the position taken by this government in connection with this matter in following out the desire to establish a satisfactory procedure. I like to think that perhaps some of the feelings now reflected in the remarks of the hon. gentleman on this subject have been instilled in his breast by the fact that he is now a student of law and because—

Mr. Pickersgill: I was a student of liberty long ago.

Mr. Fulton: —of that perhaps it may be fair to suggest that he has a livelier or at least perhaps a more perceptive sense and appreciation of the implications of this subject than when he was not a student of law.

[Mr. Pickersgill.]

I agree with him at once about the difficulty of the situation. I do not think I have to take issue with anything he said, or particularly anything that he attributed as having been said by me when I was in opposition; but I think I should make it clear that at all times when I was on that side of the house and took part in discussions of this question I never went any further than to say that the man should be given some sort of hearing if some satisfactory method could be devised. I believe it will be found, on checking the record, that I was always careful not to go so far as to say that sources of information should be disclosed to him.

Mr. Pickersgill: I think the hon. gentleman is quite correct and I have no quarrel with him.

Mr. Fulton: When we took office we were concerned to see how far we could go in implementing the principle that we had enunciated, namely that it would be desirable to arrange that a person in the public service, suspect on security grounds, would be given a hearing at which he might get some indication of the nature of the suspicions against him; to see if we could arrange that sort of hearing and yet not have to go all the way and disclose such facts as would in fact compromise your security sources. We undertook that study, and we found ourselves quite early confronted with a particular case, which was the case referred to earlier by the hon. gentleman and which was the subject of question and answer on June 4, as recorded on page 831 of *Hansard*.

There is, I think, one modification I should make in what the hon. member for Bonavista-Twillingate said with regard to the situation in this country and the United Kingdom. He said, as I took down his words, "Neither in Canada nor in the United Kingdom has it been found possible to make all the allegations or all the information available to the suspected person." With these words in their literal sense I have no disagreement, but it is a fact that the United Kingdom went further than we did with respect to giving the suspected person a form of hearing.

Mr. Pickersgill: That is correct.

Mr. Fulton: They had a committee which was set up. This will all be found reported in the United Kingdom debates of, I think, about five or six years ago, which I think the hon. gentleman has studied, as I did.

Mr. Pickersgill: If the minister will permit me, it was just by inadvertence that I did not go on to point that out.

Mr. Fulton: I accept that completely, but I say the significant difference between our

procedure and the procedure in the United Kingdom is this. They had set up a system under which there was a hearing granted to the suspected person. It was made clear that all he would receive was a general indication of the sort of grounds of suspicion, that is, only an indication of the nature of the case against him, the government reserving always to itself the right to decide how far disclosure would be made. And at that hearing which, as I recall it, is conducted by a panel of retired civil servants—

Mr. Pickersgill: That is correct.

Mr. Fulton: —the accused—that is the danger one gets into, the suspected person—I would like almost to expunge that word from *Hansard*, because he is not an accused person—the suspected person is not accompanied by counsel. When we took over, however, we wanted to see how far we could go in this direction, which was the sort of direction we had advocated when we were in opposition.

I must say also, to complete the picture here and in fairness to the former administration, that in the discussion that did take place in the house when they were here and we were over there the former prime minister made it clear that they had thoroughly studied the English system and the system in the United States—I think he went that far—and while they admitted that the British system went a little further than ours, they felt that ours was preferable and they decided not to adopt the British system.

Mr. Pickersgill: That is correct.

Mr. Fulton: However, as I say, when we took office we immediately commenced a study to see how far we could go, what modifications we should introduce along those lines. We were confronted with this case in the Canadian Broadcasting Corporation, which had commenced by way of a grievance brought by an employee who had been refused a promotion to which he felt he was entitled and to which the union of which he was a member felt he was entitled. There had been a special board of inquiry appointed to arbitrate this grievance, and they soon found that there was a reluctance on the part of the C.B.C. to indicate the real nature of the reasons why this promotion had been refused.

In any event, it soon became obvious to the chairman of the board, as I recall it; the question was put to him in such a form that it finally became apparent there was a security aspect involved. I think it is fair to say that there the situation pretty well bogged down, because there was no procedure for dealing with the situation that was then disclosed. Obviously the arbitration board which had been appointed to investigate a labour dispute could not assert jurisdiction over the question of security.

I know there was correspondence and discussion between the chairman of the board and my predecessor, but no solution of the difficulty had been found when we took office. So we were faced with a situation quite soon—well, in fact immediately—after June 10 of last year. In the discussions with the officials concerned and with my advisers in the Royal Canadian Mounted Police who, as the hon. member for Bonavista-Twillingate has pointed out, are the main advisers to the government in the field of security, I outlined to them my view with regard to this matter of a hearing. They indicated to me all the difficulties and dangers which they felt in the matter and which had been made clear, I think, in the remarks of the hon. gentleman, namely the difficulty of giving a hearing which would be a hearing in substance and not only in form, the danger that you might disclose, and thus compromise, some vital security information, particularly with regard to the sources of that information. But it was felt that at least on an experimental basis in this particular case we would be justified in arranging a hearing.

Accordingly, with the approval of cabinet a special commissioner was appointed. I will not go into all the terms of reference, but we did our best to devise a system, a form of hearing, under which it would be made possible for the commissioner to disclose to the suspected man at least the general nature of the grounds of suspicion, the kind of thing of which he was suspected, and give him a chance to answer. The representative of the union and the representatives of the C.B.C. expressed themselves as satisfied with the formula we devised, as did the security advisers of the government, and the hearing was accordingly arranged and held with results that have been reported and are now public knowledge.

I should now revert to the general situation. Discussions were initiated with other departments and the ministers concerned, particularly in what may be described as the vital departments in this matter of security, and finally an interdepartmental panel was requested to go into the whole matter. I am not going to minimize the difficulties for a moment. We found that there were difficulties to which as yet we have not found an answer; that is, difficulties in the way of applying the procedure which was made applicable in a specific case to all the general run of problems that may arise in connection with this subject of adverse

security reports on persons in the public service. As I said in the house on June 4, "in so far as the hearing went", referring to the specific hearing in the C.B.C. case, "it was a special arrangement and we are continuing to study the whole question to see if this does not suggest a suitable pattern for dealing with this problem."

The answer I must now give to the question raised by the hon. member as to what is the present position must be confined to saying that it is my feeling that we have found a pattern which, with some modification and some limitations, may be capable of expansion and of more general application than to the one individual case, but I am not able to say that we have yet found a pattern that can be applied to all cases that may arise in this field. We are continuing the study.

Mr. Pickersgill: Would the minister care to indicate the general lines of the procedure, or are they so similar to those followed in this particular case that it really covers it? The minister referred to a pattern.

Mr. Fulton: The general lines of procedure we have in mind to apply would, I think, be somewhat similar to the formula in that case. The question would be to what areas of the government service you extend it and also what rights of representation does the individual have. It is a matter of record—the order in council was published—that in this particular case the person had the right to be accompanied by counsel. My hon. friend will appreciate that that goes further than the British system. One question we are studying now, and a very important one, is whether that right should be made general if we do apply this procedure to more cases, or to what extent the right of representation might be allowed.

Mr. Pickersgill: There is another aspect of the subject about which I should like to make one or two observations and pose one or two questions. As a foundation for that I think perhaps the simplest thing I can do is to refer the committee to a question asked by the hon. member for Skeena to which the minister gave an answer on July 8, as appears at page 2047 of *Hansard*. The question asked was as follows:

1. Does the R.C.M.P. maintain any files or dossiers on members of parliament?
2. If so, upon which members of the present parliament are such files or dossiers maintained?

The answer given by the minister was as follows:

All Royal Canadian Mounted Police files on individuals are confidential and many are secret.

Perhaps I might interject here that I agree completely with the answer given by the minister. I am not addressing myself to this question in so far as members of parliament or any particular group are concerned. What I am interested in is the general principle enunciated here.

One of the primary duties of all those responsible for such files is to respect and preserve the confidential or secret nature of their contents. It will be appreciated also that a large number of such files are started by reports, statements or knowledge of activities coming to the attention of responsible members of the police which they are bound to investigate in the course of their duties. The follow-up on such reports in many cases reveals no necessity for further action, yet there is still a file. This means that many files will be in existence under the names of individuals against whom there is nothing of a substantial, let alone a criminal, nature.

It will therefore be generally agreed that it would be grossly unfair to any such individual to have it revealed or even suspected that there exists a police file under his name, yet there may be many ways in which such a suspicion could be raised. One of the surest ways of laying the foundation for the raising of suspicion would be to isolate—

I think the rest of the answer applies specifically to members of parliament, and I would be wasting the time of the committee by reading it. I said when I started that I agree with the answer given by the minister. I am not one of those who believe in the purveying of hearsay from police reports or from any other source and the defamation of persons' characters in that way. I think it is right and proper, and indeed a fundamental duty of the government, to safeguard these files.

Of course I had a good deal of experience when I was minister of citizenship and immigration, a post which was also occupied for some time in an acting capacity by the present Minister of Justice. One of the duties, and a most disagreeable one, imposed upon the Minister of Citizenship and Immigration was the duty of satisfying himself that he was not admitting to this country persons who would subsequently become a danger to the security of the state, and this involved almost daily consultation with the police and access to police files.

I see, sir, that it is one o'clock, and I should like to pursue this matter a little further.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Pickersgill: When we adjourned at one o'clock, Mr. Chairman, I had just put on the record part of an answer given by the minister to a question by the hon. member for Skeena, on July 8, and which referred in general terms to the principle governing the use of the files on individuals maintained by

the Royal Canadian Mounted Police. In order to give some continuity to my argument, I should like to read again the first paragraph only of that answer. It is only two sentences:

All Royal Canadian Mounted Police files on individuals are confidential and many are secret. One of the primary duties of all those responsible for such files is to respect and preserve the confidential or secret nature of their contents.

I believe I had said just before we adjourned for lunch that a great many of these files or, at any rate, reports from these files, came to my attention in my official capacity when I was minister of citizenship and immigration. The most scrupulous care was taken by me and by the deputy minister, who was the only other person authorized to see these files, to make sure, not only that nothing in these files was disclosed to any unauthorized person including the persons referred to in the files, but we went to very great lengths not to disclose the fact that "security" was the reason for our failure to accept applications from persons who wished to immigrate to this country. We simply said that the application was rejected, and I was criticized quite frequently in this house for doing so, by no one perhaps more strongly than by the present Minister of Justice. As I said, I was criticized for my failure to give any reasons for these rejections.

My argument always was that if I gave reasons in all other cases—this was my principal argument but there were others—I would isolate the security cases. People would know, by a process of elimination, that the rest of the rejections were on security grounds. In order to preserve the sanctity of the files and the information—although I was acting on my own responsibility and on the advice which I thought was, on balance, sound that I should do this—the course I have outlined was followed. I am not seeking to enter into any argument about the practice in the department of immigration; that would be quite unfair to the minister and to the committee. I am merely citing this as an example of how scrupulous I was, and I think this was true of all my colleagues who had to do with these matters, in the use of these police files and police reports.

I say again that I agree with what the minister said in reply to the hon. member for Skeena. I do not believe that anything but harm could come from making public even the existence of files. In order to preserve organized society we have to have police forces. No doubt if we were all good, all as virtuous as we ought to be, we could dispense with the police and save quite a lot of money. But we cannot. The police have to make investigations of people who, in many cases, are innocent or, at least, not guilty. I prefer, I must say, the old English phrase "not guilty", because it is very hard to arrive at any accurate conception of innocence, at least in my experience.

But I think it is obvious that it will be very harmful to the character and reputation and the position in society, indeed even the economic prospects, of many people if it is known that their conduct is being investigated by the police. I believe, therefore, the minister is completely right in the position he takes that there should be no disclosure that the police have files on any person until such time as the police use these files for taking action in the courts. We know from experience, and I am quite satisfied about this, that the Royal Canadian Mounted Police is a very well administered force. I doubt if there is any better administered force anywhere in the world. We know that they do not take action on trivial grounds. There is the greatest consideration given in these matters.

I was, therefore, greatly perturbed, and I think that many hon. member were greatly perturbed, by something which happened in this committee a day or two ago when we were told by one of the minister's colleagues, in relation to a particular case—perhaps in order to make clear my point I shall have to refresh the memories of hon. members about this case—the minister was being asked what information—

Mr. Fulton: If my hon. friend is seeking to revive a matter that was discussed at great length in the committee when we were dealing with the estimates of the Department of Agriculture, Mr. Chairman, may I respectfully suggest he would be out of order.

Mr. Pickersgill: I am not seeking to do anything of the kind, sir. What I am seeking to do is to lay the foundation for a question of the minister respecting the activities of the Royal Canadian Mounted Police.

Mr. Fulton: Ask the question, then.

Mr. Pickersgill: I think perhaps I can exercise my judgment as well as the minister can for me, as to the foundation I need to lay in order to ask a question in a manner to enable all hon. members to understand it. The minister need have no concern about this question if he has no feeling of guilt about the matter.

We were told that certain action was taken by the Minister of Agriculture because he had a considerable number of police and other reports from which he said he was completely satisfied that this man was guilty of securing contraband liquor from these ships. I, of course, have no means of knowing, because

the minister refused to answer so many questions, whether these police reports to which the Minister of Agriculture referred were reports of the Royal Canadian Mounted Police. If the Minister of Justice can assure me they were not and the Minister of Agriculture had no report from the Royal Canadian Mounted Police on which to base his statements, then I would feel I was out of order and would not pursue this matter any further. I would desist immediately.

If on the contrary, when the Minister of Agriculture was referring to police reports he was referring to reports from the Royal Canadian Mounted Police, I submit that this was an abuse of those documents, and an abuse of those documents such as in my experience there has never been before in parliament. The minister should explain how this came about. The minister told us one of the primary duties of those responsible for such files is to respect and preserve the confidential and secret nature of their contents. The question I am putting to the minister is a very simple question. Did the R.C.M.P. provide any files on this particular person to the Minister of Agriculture on which this public statement, made under his immunity in parliament, was made concerning the reputation of a man against whom no charge was laid in the criminal courts, a man who is, under our law, not guilty?

That is why I said earlier that I preferred the old English expression "not guilty" to the word "innocent" because it is extremely hard to define innocence. But under our law, under our system of justice, a man is not guilty until he has been found guilty by the courts. We had the experience here where someone under the immunity of parliament was found guilty by a member of the executive branch of government who said that he found him guilty on the basis of police reports. I was tremendously disturbed by that, Mr. Chairman. As was my duty, I did my best to find out—

The Chairman: Order. I must point out to the hon. member for Bonavista-Twillingate that he is at present discussing the conduct of the Minister of Agriculture in relation to the particular case to which he is referring at the present time. That procedure is quite out of order and I must ask the hon. member to limit his remarks to the estimates of the Department of Justice, the Royal Canadian Mounted Police in particular.

Mr. Pickersgill: If I have in any way transgressed the rules of the house, Mr. Chairman, may I say that I am sorry.

Mr. Bell (Saint John-Albert): You have been out of order more than has any other member of the House of Commons.

[Mr. Pickersgill.]

Mr. Pickersgill: I am sure that the hon. member for Saint John-Albert is not in order.

The Chairman: Order. The hon. member for Bonavista-Twillingate has the floor.

Mr. Pickersgill: It may be that I did not express myself very clearly. I will endeavour to circumscribe my observations to the limit. I am very much concerned at this time about this situation but in this committee at this time on the estimates of the Minister of Justice or of the Royal Canadian Mounted Police I am not concerned about any aspect of the conduct of the Minister of Agriculture except one. I am concerned to find out whether the Minister of Agriculture used the files of the R.C.M.P. in a manner which is certainly not consistent with the answer given to the hon. member for Skeena by the Minister of Justice. That is the only matter with which I am concerned. It seems to me that I should now leave it to the minister to tell us whether or not the Minister of Agriculture was furnished with any files, information or reports by the R.C.M.P. on the particular case which was under discussion in this house and on which the minister made what I regarded as the defamatory statements he made in this house.

Mr. Fulton: Mr. Chairman, I think this matter should be dealt with at once if other hon. gentlemen will permit me to do so. I think I can only echo the words used by the Minister of Agriculture that this is a classic example of making a mountain out of a molehill. It is true that, in answer to the question which has been referred to by the hon. member for Bonavista-Twillingate, I said that all Royal Canadian Mounted Police files are confidential and secret and that it is the duty of those in charge of those files to preserve their confidential or secret nature; and to that I add "as the case may be".

The hon. gentleman, under the guise of concern with regard to security which we all agree is secret—and the contents of security files must be secret—has proceeded to attempt to draw an erroneous, unfair and inapplicable conclusion with regard to the use to be made of files which are confidential. I made some reference earlier to the fact that the hon. gentleman is now a student at law. I think perhaps I should now refer to the fact that he could not have been applying himself to his studies very long or he would appreciate the difference between security and secret information, and confidential information.

The simple answer to this whole matter, so far as the case referred to in Montreal is concerned, is that there was an investigation of an official of the Department of Agriculture carried on by the R.C.M.P., as a

result of which the R.C.M.P. took certain action. I do not think my hon. friend would wish to be this absurd, but he has been this absurd. He has suggested that the Minister of Agriculture should not have been shown or been informed as to the results of the police investigation into the activities of an official of that minister's department. The case is just as simple as that. It just shows the absurd lengths my hon. friend is prepared to go in his efforts to seek to revive here a discussion which properly took place—and which should only properly take place—on the estimates of the Department of Agriculture.

Mr. Pickersgill: Mr. Chairman, I should like to pursue this matter. The minister has made a definite allegation—

The Chairman: I recognize the hon. member for Vancouver East.

Mr. Pickersgill: The minister has made a definite allegation about me.

Some hon. Members: Order.

The Chairman: Order. May I point out to the hon. member that I have given the floor to the hon. member for Vancouver East.

Mr. Pickersgill: Mr. Chairman, I am raising a question of privilege, which procedure I believe is in order at any time. The Minister of Justice has just asserted that I said the Minister of Agriculture was not entitled to be shown these files. I said nothing of the kind.

Mr. Fulton: That was certainly the inference.

Mr. Pickersgill: It was not what I said nor was it the inference to be taken from what I said. What I said was that the Minister of Agriculture was not entitled to make the contents of these files public in order to defame a man who was not guilty in the eyes of the law. If the Minister of Justice considers that is a principle—

Mr. Fulton: I rise on a point of order, Mr. Chairman. The hon. member is being not only absurd but is being repetitious.

Mr. Pickersgill: I am speaking on a question of privilege. I would ask the minister to sit down.

Mr. Fulton: I am raising a point of order.

Mr. Pickersgill: I am speaking on a question of privilege and I have not concluded what I have to say. I had many lessons in procedure from the hon. gentleman when he sat over here on this side of the house.

The Chairman: Order. We are discussing a question which has already been discussed in the house. We cannot go back to the estimates of the Minister of Agriculture nor can we discuss at the present time the conduct or the behaviour of the Minister of Agriculture. Our discussion must be relevant and we must talk about the estimates of the Department of Justice. Actually, if an investigation was made by the Department of Justice, the Royal Canadian Mounted Police in particular, and if the information secured from this investigation was given to the Minister of Agriculture, it is quite normal to presume that the Minister of Agriculture based his further action on the information received. But this question was all threshed out in this house at great length and I believe it is quite out of order at the present time to go back to this particular debate and for hon. members to pass judgment on the conduct of the Minister of Agriculture.

Mr. Pickersgill: Mr. Chairman, I should like to put another question to the Minister of Justice.

Some hon. Members: Order

Mr. Pickersgill: It is a question that has nothing to do with this particular case.

Mr. Winch: Mr. Chairman, I thought I had the floor.

Mr. Pickersgill: It has to do with the general principles surrounding the case but not the specific matter itself.

Some hon. Members: Order.

Mr. Pickersgill: I want to ask the minister whether he believes it is proper for himself or any other member of the government here in this house to use information secured from the confidential police files in order to defame and besmirch the character of a man who has not been tried in the courts.

Some hon. Members: Oh, oh.

Mr. Bell (Saint John-Albert): You are a privy councillor. Have you not more respect for parliament? Shame.

Mr. Fulton: Mr. Chairman, I would not normally answer a question of that kind but I do not think it should be allowed to stand on the record by itself. In the first place, there is absolutely no justification for the terms used by the hon. member for Bonavista-Twillingate. In the second place, I would point out that the information given was requested, obtained and insisted upon by hon. members opposite.

Mr. Pickersgill: The minister himself has not answered my question at all, Mr. Chairman. He has gone back to the case which you ruled could not be discussed. I asked a perfectly general question and I repeat it.

Does the minister believe that the confidential files of the mounted police should be used so that a minister may make statements in this house based upon those files concerning the character and reputation of a person who has not been convicted by the courts of any offence whatsoever. That is the question I am putting to the minister. Does he think that is a proper use of the files of the Royal Canadian Mounted Police? I would remind him that such use was never made of those files in the days during which we were in office.

Some hon. Members: Order.

The Chairman: I do not believe that question is relevant to the matter under discussion at the present time.

Some hon. Members: Oh, oh.

The Chairman: Order. We are now discussing the estimates of the Department of Justice with relation to the administration of this particular department and I do not believe the question asked of the minister by the hon. member for Bonavista-Twillingate is relevant to the present discussion.

Mr. Pickersgill: Mr. Chairman, it seems to me that if we cannot discuss the use made by the administration of the files of the Royal Canadian Mounted Police, then there is no aspect which we can discuss. Surely the files are the product of the police administration and the purpose, the reason why we have the Royal Canadian Mounted Police, is precisely to accumulate this information, to make these investigations in order that the information may be used for the protection of society. Furthermore, surely it is a restriction upon the freedom of speech in this house to suggest for one moment that we cannot discuss the use made of these files which are paid for by the taxpayers. We are in committee of supply, appropriating or not appropriating moneys for the service of Her Majesty which is to be spent by the minister who is responsible to this house. The minister is ultimately responsible for all of these files and the use that is made of them and I have asked him a question about their use. The minister did not have any hesitation in answering the hon. member for Skeena—

Mr. Fulton: I have no hesitation in answering the hon. member if he will just cease his tirade and give me an opportunity to do so.

Mr. Pickersgill: I think I have the floor.

Mr. Fulton: Of course if the hon. gentleman wishes to prevent an answer from being given, that is his privilege.

Mr. Robichaud: Getting childish now.

[Mr. Pickersgill.]

Mr. Pickersgill: I want to repeat what I said before, namely that I think this committee is entitled to know whether or not the minister considers it is a proper use of the Royal Canadian Mounted Police files to base upon them statements in this house with respect to persons who have not been found guilty of any kind of offence in the courts of law.

Mr. Fulton: Mr. Chairman, inasmuch as this question cannot be answered in the abstract because of the efforts—and I make no comment as to whether they are proper or not—of the hon. gentleman to relate these files to an incident regarding an official of the Department of Agriculture, I have to answer the question in this way.

In this particular case no improper use was made of the Royal Canadian Mounted Police files. There was an investigation which disclosed certain facts and, as a result, an order was made by the Minister of National Revenue, acting within the proper scope of his statutory authority, for the destruction of contraband goods. That order was carried out without protest from the person affected by the order and the contraband goods were confiscated and destroyed. That is the sum and substance of that incident; there was no defamation of character and there was no improper use of Royal Canadian Mounted Police files. The order made on the authority of the Minister of National Revenue was based on information properly coming to him as a result of an R.C.M.P. investigation. That is the answer to that question.

The answer to the general question is that the hon. member knows as well as I do that of course it would not be proper to make improper use of R.C.M.P. files for the purpose of defamation of character, and no such thing has been done by this government, whatever may have been done by the former government.

Mr. Pickersgill: Mr. Chairman, I assume that you will allow me the same liberty you have allowed the minister—

Some hon. Members: Oh, oh.

Mr. Pickersgill: —to comment upon his remarks on this particular case. I have no quarrel whatsoever and neither would any responsible person have any quarrel with what the minister has now told us was done by the Minister of National Revenue. If the Minister of National Revenue or any officer of his department used any information secured from the mounted police in order to deal with contraband goods, that is perfectly proper. I have no objection whatsoever to that and neither would any

sensible person have any objection to it. I at no time objected to it, in fact I did not even know about it until the minister told us just now.

What I did know about, however, is that another of the minister's colleagues came into this house and boasted that he had police reports which he had never shown to the accused person—and I use the word in the same sense as did the minister because this man was never accused of anything; I would call him the defamed person—and took advantage of his immunity in this house and on the basis of these police reports blackened the character of a man who has never been allowed to stand trial and who has never even heard the charges against him, according to the admission of the Minister of Agriculture.

Some hon. Members: Order. Sit down.

Mr. Pickersgill: And if that is justice—

Mr. Pearkes: Sit down.

Mr. Pickersgill: —then it is something new.

Mr. Ricard: He is a smuggler; are you trying to protect a smuggler?

Mr. Pickersgill: No one is a smuggler until he is convicted. Perhaps the hon. gentleman convicts a person without trial.

The Chairman: May I remind hon. members of this house that this is not the time to discuss the conduct of another minister of the crown in relation to a question which has already been discussed in the house.

We are now discussing the estimates of the R.C.M.P. and we must adhere to the administrative elements of the estimate before us, so it is quite out of order to hold a discussion on the conduct of the Minister of Agriculture in relation to this particular case which has already been mentioned.

Mr. Pickersgill: Mr. Chairman, if the minister is content to leave the matter where it now stands, I am satisfied.

Mr. Winch: Mr. Chairman, I hope I may be permitted to discuss two matters relating to the R.C.M.P. The first matter I raise at the request of a number of members of the R.C.M.P. who, of course, shall remain unnamed but who over a period of many months have drawn to my attention a question which is disturbing many members of the service and on account of which there have been many resignations and in respect of which there are likely to be many resignations in the future. I refer to a situation of which I am certain the minister is aware, namely, the insistence of the R.C.M.P. on retaining a regulation which says that because you are in the scarlet and gold love goes out of the window.

I know there are many things which can be covered by law and regulation, but I have my doubts that any law or regulation can ever be formulated which will stand in the way of a man falling in love with a woman, and heaven help us if any way is ever found in which to do that. But, Mr. Chairman, this regulation has been in effect for a long time in the R.C.M.P. that once you take the oath you cannot legally express yourself as a man to a woman until you have served at least five years. A great many of the new recruits to the service are young men, and just as time after time we find that those who are not in service meet the woman of their dreams, so do the boys in scarlet and gold. But they are told: you cannot get married. Why not, Mr. Chairman?

I know that the men of the R.C.M.P. move from one municipality to another and from one province to another, but why, because of that, should a man and the woman of his choice be told: you must remain separated. What is the result? I am certain the minister knows that there is a comparatively rapid turnover in the service every year, and I feel certain he would find out, very often, that it is because of this regulation, and because the man concerned says that if he cannot get the woman of his choice by staying in the service, then he is jolly well going out of the service. That does not mean he is going to be out of a job, because I have been told that a man who has been trained in the R.C.M.P. is not going to be out of a job long after he leaves that service, because the municipalities and provinces, because of the good training he has received, are tickled to death to employ him on provincial or municipal service. I have been asked by a surprising number of members of the R.C.M.P. if I could raise this point in the House of Commons, and I ask the Minister of Justice whether he could tell us if there is going to be any change in this regulation.

Mr. Chairman, I said there was a second point which I should like to raise at this time. Unfortunately, there are some men and women who are anti-social and who break the law. Because they are anti-social they are put in jail, and this country spends a great many millions of dollars every year to keep these anti-social persons behind prison walls. In addition, we spend millions of dollars annually trying to rehabilitate these persons and give them a social conscience. Millions of dollars are spent on formal education when required, on vocational training, on psychiatric treatment and on psychologists' guidance for the purpose of rehabilitating

these anti-social individuals. Then, after the prison term is served they are released and go back into society, and I am sure it is the hope of the Minister of Justice that they will then become social beings. I think, also, that the Minister of Justice would agree that those who have committed an offence and who have paid for their crime should not be hounded back into a criminal life.

I would be the last person to condemn the majority because of the action of a few, and I want to make it abundantly clear that in my estimation the majority of members of the R.C.M.P. do everything they possibly can to assist in the rehabilitation of former criminals who have served their sentences. Unfortunately, however, there are a few who do not have that attitude, and this is a serious matter when we remember the millions of dollars which this country is spending in endeavouring to rehabilitate anti-social persons, and when we recognize that up to the present, at least, we appear to a considerable extent to have failed in that object.

I was somewhat amazed, reading the annual report of the commissioner of penitentiaries for the fiscal year ending March 31, 1957, to see on page 53 that the percentage of recidivists in the penitentiaries that year in Canada was 80.23. It may be that the people I have just referred to constitute only part of that number, but whatever can be done in this regard should be done without delay, because men who have served their sentences and who are desirous of becoming useful members of society should not be so hounded that they cannot rehabilitate themselves. By that, I mean that they should not be stopped in public wherever they go by members of the police force.

At this moment I am discussing the R.C.M.P. If they get a job, it should not be felt to be the responsibility of the R.C.M.P.—and I repeat that I am only speaking now, of a very small minority—to go to that man's employer and say: do you know you have a former criminal in your employment? The result nine times out of ten is that the man loses his job, and when that happens more than once hon. members will realize the effect upon the man concerned who must have been somewhat weak-minded to have become a criminal in the first place.

I want to tell the Minister of Justice and the commissioner of the R.C.M.P. that I am not speaking in generalities or from rumour, but from my own knowledge as a result of information given to me in the penitentiaries as a visitor. Perhaps I have been able to be of some assistance in getting men out on parole, and getting them jobs. And then I find that time after time they have not been allowed to rehabilitate themselves. I was most interested in one young man who, on release, got a job as a truck driver. Day after day he was stopped on the street when he was recognized, with the result that he was fired. Another man was a recidivist of one of the worst types I have known, and yet toward the end of his last sentence the warden, the padre and the relations officer all said: this man is now reformed. The hon. minister's department let him out on ticket of leave and he got a job. One week later he had that job no longer because the R.C.M.P. went in and told his employer: do you know you have a criminal on your staff, a bank robber? The man got another job, and only 10 days later the same thing happened. He found yet another job, and shortly afterwards he was fired in the same circumstances. Not long ago he came to me and said: "Mr. Winch, I am going to get out of town. I am going to a small village up the coast hoping I will be allowed to redeem myself." I have not seen the man since but I heard about him recently. He was serving three months. Do you know why? It was because he had been stopped again, in this town, by the R.C.M.P. and this time his cup runneth over—he blew his top and socked the cop. He was sentenced to three months for assault.

It goes even beyond that. I have told the committee about this young man who lost job after job because of this hounding practice. He has another brother, a brother who is younger but who looks very like him. That brother has never been in conflict with the law in his life, but because his brother has been in jail four times he is stopped by the police and has lost job after job although he has no criminal record at all. I know this is not done by the majority, but I think that even if this happens only in a minority of cases it is nevertheless of importance. The rehabilitation of men in penitentiaries is, I know, of great concern to the minister, and I have an idea that he is going to bring in some legislation in this field while he is in office.

I am asking the minister whether he does not think that perhaps he might now take the action that was taken four or five years ago when I also raised this matter in the House of Commons and gave instances which were investigated, or at least one case, and as a result the minister's predecessor in office had a directive sent out—and I believe it was sent out by the commissioner—outlining to all officials; not that they all needed it, but some did—that they be very careful not to undermine this process of rehabilitation and establishment of a social consciousness; that if they felt they had to interrogate a person, it should be done on the quiet and not in

public, but under no circumstances were they to go to an employer and have a man fired because he had a previous criminal record. I just make the suggestion that perhaps the minister might consider the re-issuing of a directive of the nature of the one that was distributed some four or five years ago.

I said, sir, I had two matters relating to the R.C.M.P. These are the matters. I hope the minister will agree with my second proposal but most certainly, sir, not because it affects me, because it does not—I am married; I have three children and five grandchildren; I have done well—but because it affects members of the R.C.M.P. who were born the same way and have the same emotions and feelings as the rest of us. How about relaxing that non-marriage clause and let them build up this country the same as you and I have?

Mr. Fulton: Mr. Chairman, with respect to the two points raised by the hon. member for Vancouver East, I should like to deal with the second one first. The problem of police contacts with persons who are out from penitentiary, having either completed their sentence or are out on parole, is not an easy one because the police recognize as fully as the hon. gentleman does, and as I do, the unfortunate effects of any suggestion of undue supervision or, as he put it, hounding. I can assure him that every effort is made from the top to the bottom to ensure that that will not happen; but, on the other hand, it is still a continuing police duty to check on activities or information coming to their attention which indicate that either investigation or possible action should be taken, and they cannot exempt persons who have been in penitentiary from their normal supervision. It is still part of their duty as police to supervise the conduct of those men to the same extent as it is their obligation to supervise or investigate the conduct of those who may never have been in penitentiary. That is the difficulty with which the force is faced, or with which any police force is faced; but I can assure the hon. gentleman that instructions have been issued—and they are continuing instructions—to which he has referred, to all detachments. I think I had better read the instruction which was issued. It is the one to which the hon. gentleman referred in the committee which sat in the spring of 1957. It reads as follows:

> It is sometimes necessary that members of the force inquire into the activities and associates of released convicts or interrogate ex-convicts as to their associations and movements. Such work is a part of police responsibility to the community and nothing in this instruction is to curtail the action of members in the investigation of crime or the proper questioning of suspects.
>
> Inquiries affecting ex-convicts must, however, always be carried out with great care and discretion in order that any genuine attempt being made toward rehabilitation will not be hampered or discouraged. Ex-convicts who have resumed or continued a life of crime deserve no special consideration but where there is any indication that a man is making any effort to re-establish himself as a good citizen, any contacts members have with him should be arranged so that his task will not be made more difficult.
>
> The force is vitally interested in rehabilitation work and must always be prepared to assist such efforts in any reasonable manner so long as our actions in that direction do not conflict with our primary police duty of protecting the public and investigating crime.

I am informed that that order or instruction was issued as a permanent instruction to all detachments and that as such it is incorporated in the book of instructions by which all members of the force are bound. We will at all times be prepared, however, to satisfy ourselves that the instruction is properly and sufficiently drawn to the attention of the members of the force. If at any time either from an instance drawn to our attention by others, or from information which we ourselves may bring to light, it should seem that the instruction is not sufficiently widely known or observed, then we shall be prepared to consider issuing some new—not a directive—direction that the instruction be drawn to the attention of all members.

In so far as the instances to which the hon. member refers are concerned, if they are exactly as reported by him, then I would say that if they were carried out by the Royal Canadian Mounted Police personnel in the manner in which the hon. gentleman has outlined, they were contrary to this instruction. But I would suggest to him that he consider carefully first whether in fact in regard to the incident he related, it was a member of the Royal Canadian Mounted Police who was involved. If there is any case that comes to the attention of the hon gentleman or to any other person's attention, in which he has reason to believe that the attitude of the force is not that which they are instructed to observe, if he will bring it to our attention we will be glad to look into the matter.

With regard to the question of marriage, it is a difficult and continuing problem. However, I think the hon. gentleman has overlooked one thing. Probably he is aware of it but forgot to mention it, namely that some two or three years ago the rigid rule regarding five years' service before marriage was relaxed and in certain circumstances members of the force may now marry after three years' service. Therefore, we have made that concession at least—

Mr. Winch: What happens if he falls in love in the first three years?

Mr. Fulton: —toward the interest, considerations and requirements to which he has drawn our attention.

I should also point out that the figures of annual wastage from all causes, retirements on pension, discharges and retirements by reason of marriage, are not unduly heavy; indeed, they are satisfactorily light. One always likes to see them as light as possible. In 1957 they amounted to 6.41 per cent for all reasons, as I say, including retirements on pension.

Mr. Winch: Out of some 2,500.

Mr. Fulton: My hon. friend is quite wrong; there are some 5,300 members of the Royal Canadian Mounted Police.

Mr. Winch: Over 300 a year.

Mr. Fulton: Will my hon. friend please observe that this is not due to marriage exclusively; this includes wastage for all reasons, the great bulk of which will be retirement on pension, or a very large percentage of which is due to retirement on pension. This is a problem that the authorities are as fully aware of as my hon. friend. The best research and study given to it so far indicates that the purposes and requirements of the force are best served by maintaining a minimum period before marriage is permitted.

Mr. Winch: Will the minister explain just why it is necessary for the three-year or five-year period? I can assure the Minister of Justice right now that he has in his service a number of young men who are just waiting to hear what he is going to say now so that they may decide whether or not they get out of the force. Why? Because they want to get married. Why should they not be allowed to get married?

Mr. Fulton: As my hon. friend puts it, every man interested in joining the R.C.M.P. is on the verge of marriage but I can assure him that is not the case.

Mr. Pickersgill: How does the minister know?

Mr. Fulton: There are many young men wishing to join the R.C.M.P. who have no present intention of getting married at all and they become recruits. It is pointed out to me that there is a period of one year required for training before the man's recruit training is completed and he can be sent to his first post.

Mr. Winch: Who knows when love is going to strike?

Mr. Fulton: His first posting may be to an area where it is just not physically possible or sensible for him to contemplate taking a wife. It is for that reason that the requirement of five years or in certain circumstances three years is in the regulations. While, of course, we do not like to think of any potential recruits being barred from the force or in their own judgment finding it not desirable to join because they would rather get married, nevertheless I can assure the hon. gentleman that our recruiting program is going very satisfactorily and that notwithstanding the requirement of abstention from marriage for this limited period we are able to get all the recruits we want within the limitations of the manpower ceiling approved by cabinet.

Mr. Winch: What happens if after he signs up he meets a girl and falls in love? what are the basic reasons of the R.C.M.P. for having this requirement of five years or three years? Just what does the minister mean by saying that they can get married in three years under certain circumstances? What is behind all this?

Mr. Pickersgill: Surely not that old shotgun again!

Mr. Fulton: I can assure my hon. friend that I mean nothing sinister by that statement nor do I intend any reflection on those who come within the category where marriage after three years is permitted. In certain large communities where we are doing municipal police work and where it is found that the service is not as attractive to single men as service in some of the remote areas, and in certain other circumstances where the duty is not attractive to single men and the circumstances of the duty are such that there is no reason why marriage should not be permitted, then the time limit is reduced to three years. But I am sure the hon. gentleman knows well that there are some areas in which the R.C.M.P. is required to serve and some classes of the duty of that service where marriage is—

Mr. Nixon: Careful now.

Mr. Fulton: —admittedly detrimental, shall I say, to the efficient discharge of those duties. We would be accused of being harsh and inhuman if we posted married men to certain areas where the R.C.M.P. have to serve and therefore we have to make the requirement that our recruits do not marry for a minimum period.

Mr. McGee: Mr. Chairman, there are two matters on which I would appreciate some comment from the minister. One pertains to any change inaugurated by the minister after the famous date of June 10, 1957, which has resulted in substantial savings to the departmen. Second, I would appreciate some comment from the minister concerning an aspect

of national defence. I raised this question in the estimates committee when we were dealing with North American defence matters and was referred by the chairman of that committee to the minister and his estimates. The matter has to do with defending this continent in ways that are expensive against the arrival of nuclear devices by sea, air or otherwise. I think all members will certainly agree that the Department of National Defence has made a tremendous effort in this regard. However, the possibility does exist of nuclear devices arriving in this country and being planted in a strategic area by a method not already counted by existing defence measures. I refer to the activities of saboteurs and persons of that type. Without wishing any breach of security, I would appreciate some comment from the minister as to what the activities of the mounted police are in that regard.

Mr. Fulton: I can only answer the second question in a rather general way. We are aware of the potential danger in this regard and that is one of the aspects of the duties of the security and intelligence service of the police, namely so far as possible to identify and keep close track of the movements of potential enemy agents in Canada. In this way we hope to be able to identify any pattern that might develop along the line to which the hon. gentleman refers.

There is also a constant exchange of security information with the security agencies of other friendly countries. In that way we would hope to be informed of any developments or plans to move agents into Canada or any plans that may come to their attention. Further, of course, we are in communication with the armed services of Canada with regard to any information coming to their attention. About all I can say is that we are aware of the potential danger, are taking what steps we can and believe we are taking adequate steps to safeguard against it.

With regard to the matter of savings initiated since we took office in June of 1957, we have reviewed the purchase policy in all fields but particularly with respect to automobiles and also our policy with regard to the use and life of automobiles. While I am unable to give my hon. friend any particulars because the factors here are difficult to isolate with particularity, we believe we have been able to effect substantial savings as a result of the new policy.

Mr. Badanai: Many thousands of visitors to Canada travel hundreds of miles for the one express purpose of seeing our Royal Canadian Mounted Police, only to return to their countries sadly disappointed because they did not have the privilege even of catching a glimpse of what they recognize is the finest and most colourful body of men in the world. Perhaps this is one of the reasons why these young men are the object of special attention by so many young ladies who are not slow in laying siege to capture them. Here we have a situation not so much of a force that gets its man but of the dear ladies capturing members of the force.

Pictures of mounties are found on postcards, souvenirs and government advertising folders and literature urging visitors to come to Canada. No wonder they are disappointed when they do not see these men. We in Canada should feel proud that our country has become favoured because of many reasons, not the least of which is the fact that we can point with pride to the finest group of men in the world upholding law and order in the land.

It seems to me, therefore, that all should see to it that there are enough of them so that every visitor will be able to return home with the satisfaction that his trip to Canada was made more enjoyable and exciting because he actually saw a Royal Canadian Mounted policeman. We are anxious to relieve unemployment. What more beneficial method could we adopt than to build up the strength of our mounted police force to a point where we would be assured of having one or two mounted police officers at each point of entry into Canada. I am only asking the minister if he will tell the house whether or not an increase in the Royal Canadian Mounted Police is contemplated? I trust the minister will give this some consideration.

Mr. Fulton: I am very glad to assure the hon. gentleman that we are giving constant consideration to this problem because it is one of the real problems which which we are faced, not so much in the discharge of the duties of a working police force as in what I might call the incidental fields. This is a real and continuing problem. One of the things which give me and all the members of the force, from the commissioner down, very real satisfaction is that people want to see the full uniform, that is the red coat of the mounted police, because it does typify in the public mind the character and reputation of that force. But my hon. friend appreciates that it is not possible to discharge the real day-to-day work of a police force in that uniform. Our first essential is to do the job of a police force. If we do not do that, then it would not matter how splendidly the force was dressed or how colourful the uniform, the reputation would not be there. Every

officer and man of the force also appreciates that. Our problem, therefore, is to reconcile the necessity of carrying on the ordinary everyday duties of a police force, and yet accept the numerous requests that come in, such as the one made by the hon. gentleman, that we should have a man in full dress uniform at border crossing points.

Every time we accept one request we find it lands us in greater difficulty because someone else will say, you have done it for them so now you have to do it for us. We have had to restrict, therefore, to a minimum the number of occasions and areas in which we provide a man in a scarlet uniform, tunic and breeches, for what I might call display or parade purposes. I do not decry, for a moment, parade and display when properly used, but we have to keep it under control. It is only at such points as Ottawa, certain provincial capitals and one or two other places, where we make this concession to the desire of Canadians and tourists to see mounted police constables in bright uniforms.

However, as I have said, we are giving consideration to meeting these requests, and wherever a request for a special appearance appears a reasonable one we do our best to comply with it. We have a problem right now with regard to the strength of the force. We are by no means overmanned. Indeed, I believe if there is anything in that way it lies in the other direction. We are unable, therefore, to comply with the suggestion the hon. member makes. It could be that one day when we are fully manned and feel we have reached a strength where every duty can be complied with and still leave some men over for the type of appearance that the hon. gentleman has in mind, then we would be glad indeed to supply the largest number of men we could under the circumstances to which he has referred.

Mr. Badanai: May I ask the minister if the force is now at full strength? If so, what is the number of men in the force?

Mr. Fulton: It is as close as we can get to full strength. The hon. gentleman will appreciate that from day to day the number varies, but to all intents and purposes it is up to full strength. The authorized strength is 5,376, and as of the date of the last report we were within 30 of that number.

Mr. Howard: When the hon. member for Bonavista-Twillingate was speaking earlier he made some reference to some of the relationships he said the Minister of Citizenship and Immigration had with information from the mounted police. May I inquire of the minister whether in the operation and functions of the R.C.M.P. with respect to proposed immigrants from other countries those people who intend to come to this country are investigated from a security point of view?

Mr. Fulton: The position is that the mounted police are the security advisers of the government. Therefore, in any case or in all cases where security considerations are a relevant factor, whether it be in the field of immigration or otherwise, it is our responsibility to advise the government with regard to the acceptability or otherwise from a security point of view.

Mr. Howard: I appreciate that. I wonder if such investigations were made from a security point of view with respect to the immigrants who came from Hungary, particularly, within the last two or three years?

Mr. Fulton: Yes. We are getting a little close, I think, to the area of responsibility of the Minister of Citizenship and Immigration and some of these matters may better be discussed on her estimates. However, I can answer the question.

The hon. gentleman will recall that with regard to the Hungarian refugees a calculated risk was taken. It was recognized we did not have facilities for making the normal examinations, either of health or of certain other factors with respect to these refugees, such as we insist upon with respect to immigrants moving through the normal channels. In so far as possible, health and security checks were carried out. This is within my knowledge because I was, for a while, acting minister of that department. The percentage of error, if I may call it that, in both respects was remarkably and satisfactorily small. It is, to a certain extent, true that the strict requirements of security and health checks were waived or lowered; this policy was accepted by the former administration and continued by us.

Mr. Regier: May I ask the minister whether, when the Prime Minister of Canada visits other countries or when members of the cabinet visit other countries or are in attendance at the United Nations, they are accompanied by members of the R.C.M.P.?

Mr. Fulton: Not the present Prime Minister, and I do not believe the members of the cabinet ever were.

Item agreed to.

DEPARTMENT OF JUSTICE

157. Departmental administration including annual contribution of $200 to the conference of commissioners on uniformity of legislation in Canada, $592,290.

Mr. Roberge: I do not want to take up too much time of the committee but there are

a few observations I should like to put on the record. They have to do with the administration of justice in general in this country and especially with the appointment of judges of the superior courts as they are called, in the province of Quebec or judges of the supreme court of the other provinces and also the judges of the court of Queen's Bench.

There are a number of systems, as I know, with regard to the appointment of judges around the world. In some countries students, when they take law, decide that they want to become judges. They therefore direct their studies especially to that end and the government of the country—and I think this is especially true for France—appoints those students as judges when they have completed their studies. I do not think this system should be applied to Canada. I think that the system as it is now in this country is sound and good. It is true that the criticism is sometimes made that the government of this country—whether the former government or this one—appoints political partisans to the bench. I have no objection to that procedure, and I am not saying that because I am a lawyer and may be aspiring to an appointment to the bench; I am quite sure that I will not be appointed during the next four years. However, it is true that the government appoint lawyers to the bench, especially lawyers who have had a very active practice and at the same time a very active political career. In my opinion it is a good thing that this is so. There is no other field in which one can learn so much of human nature as can be learned by engaging in politics. This is the place where we meet more people and where we can learn more of the human character. It is also true that those lawyers who have extensive practices are better qualified to be good judges.

There is a particular problem that affects the citizens of this country in general and also, of course, the citizens of Quebec. I do not agree with the statement of the premier of Quebec that here in Ottawa we are elsewhere. I think we are in our own country whether we are in Ottawa, in Quebec or anywhere else in the country. I make this suggestion to the minister and in doing so may I say that I appreciate the fact that the matter is not entirely in the field of jurisdiction of this government. The federal government do not establish the number of judges in the provinces. That is true especially, I am sure, for the province of Quebec; it is a matter which appertains to the premier of Quebec. I refer to the determination of the number of judges of the superior court. I know that not enough judges are appointed in the province of Quebec and I also know that not enough are appointed in some other provinces either. I know that, Mr. Chairman, because your father is the chief justice of the province of Quebec and he is complaining every year that the number of judges is not commensurate with the number of cases to be heard.

In my own district which was established in 1956 there are over 100 cases on the list and not one that has been inscribed there since July 1, 1956 has been heard. As far as I know this situation prevails all over. It is not right that the citizens of Canada who want to put their cases before the court should be confronted with the situation that it takes a year, a year and a half, two years, or maybe three years to be heard. The witnesses may no longer be there. Sometimes they are dead. They may have moved out of the district. It is extremely hard for our clients to come before the courts three years and maybe four years after an accident has taken place; I am referring to automobile accident cases especially. I suggest that some step should be taken, either by correspondence or otherwise with the provincial authorities, to appoint more judges.

I should like to make another suggestion, namely that more consideration be given to the appointment as judges of lawyers who are practising in the country rather than in the cities. I congratulate the Minister of Justice because I know he appointed in the province of Quebec at least two or four who where lawyers practising in small cities and in the country. I have nothing against lawyers practising in big cities but they are more or less becoming specialists in some cases whereas those who are practising in the country—and the minister knows this—are obliged to carry on a wider practice.

Those were the few remarks I wished to make. I am sure that in the future, as has been the case in the past, the Minister of Justice who has the responsibility of recommending the appointments, will appoint judges who will discharge their duties in the best way possible and always with great honesty.

(Translation):

Mr. Dorion: Mr. Chairman, before considering the estimates of the Department of Justice in detail, may I be allowed to make a few remarks of a general nature, which I consider germane to the debate just begun. As I do not wish to obstruct the business of the house, I shall try to be clear, brief and accurate.

First of all, I want to tell the Minister of Justice (Mr. Fulton) how happy we have been to learn these last few days, that he had entrusted some lawyers with the study of a report published last spring by the commission on restrictive trade practices, with regard to the purchase of pulpwood from our farmers, and, if there is ground, to take legal action as provided by statute. Having been among the first, during this session, to stress the importance of the matter and the urgent need of government action, I now ought to tender my most sincere congratulations to the hon. minister. His attitude, which is that of the government, eloquently proves that, in this country, there is only one law for all citizens, that before the law nobody is too great or too small, nor too powerful or too weak, and that anybody who does not observe it can incur punitive action, which the courts are authorized to impose.

Moroever, during the last few days, the hon. minister informed this house that in September, he would invite the attorney generals of all the provinces to Ottawa to discuss with them the report of the Fauteux commission and to determine any legislation which should follow upon that report. As everyone knows, some findings of the report call for various changes in the way justice is now administered by the provinces. Rather than take the initiative of legislating alone, the Conservative government has chosen to consult the provinces so as to base its action on their views in this matter, if necessary. This action contrasts with certain unilateral practices of which the former government was so fond. It shows the concern for the constitution, which now obtains, as well as the concern for the constitutional powers of the provinces. It is such as to create an atmosphere of mutual confidence and contribute efficiently to the maintenance of national unity. The Minister of Justice and the government of the country deserve congratulations and thanks on that score.

This Fauteux report has reference to social and legal problems in which anybody who has anything to do with social services or the administration of justice must take an active interest. Among those who, in the district of Quebec, have always been interested in this, there was Hon. Justice Oscar Boulanger, who died suddenly a few days ago and whose memory it is appropriate to recall here. He sat in this house as member for Bellechasse from 1926 to 1940 and had a particularly active and fruitful parliamentary life. He has left the memory of a parliamentarian imbued with the purest patriotism, a patriotism rooted in the soil of the constituency of Bellechasse where he was born and where the land has remained the great provider not only on a strictly material basis but even more so on the moral and intellectual level.

In 1940, he abandoned politics for the bench. Having had many an occasion to plead before him, I came to appreciate his legal knowledge, his acute sense of justice, and his perfect integrity. He rose all the more in the estimation of litigants because his conscience dictated an equitable approach to the sometimes overstringent requirements of the law. It was through this balanced formula that he sought justice, and strove to assure it of victory.

He had two other *bêtes noires*: perjury, and misuse of French. The newspaper *L'Action Catholique*, in its issue of 22nd July last, recalled this aspect of his temperament as follows:

> Though not a purist, he readily took up the cudgels, on behalf of the French language, against habitual users of incorrect terms and anglicisms, especially in cases having to do with automobile accidents. He would indignantly flay, sometimes with bitter irony, witnesses oblivious of the solemnity of their oath, bent on toying with the truth.

The career of Hon. Justice Boulanger once again leads to the conclusion that, in principle, there is no reason why magistrates should not, at times, be selected among lawyers who have been in politics. To his legal training, to his experience as a practitioner, to the integrity which is the first requirement to his admission to and maintenance in the bar association, the parliamentary lawyer generally adds a degree of psychology, of knowledge and of broadmindedness which can be acquired only here and which will be of great assistance to him in untangling the tragedies of which court proceedings are but the outcome.

In a speech made in 1853, protesting against the suggestion that the Master of the Rolls be ineligible to the House of Commons, Lord Macaulay said:

(Text):

> I believe that there is a close connection between the functions of the law-givers as between anatomy and surgery. Would it not be the height of absurdity to lay down the rule that nobody who dissected the dead should be allowed to operate on the living?

(Translation):

Et plus loin:

(Text):

> Who can be so well qualified to make laws and to mend laws as a man whose business is to interpret laws and to administer laws?

(Translation):

Without going as far as Lord Macaulay, and without holding the view that it would still be appropriate for a man to be at one and the same time a judge and a legislator, the fact

remains that this reasoning could then be justified by experience going back several centuries.

Far be it from me to suggest that magistrates should invariably be chosen from among lawyers who have been in politics! All I am trying to emphasize is that there is no objection in principle. In a remarkable work, *The Machinery of Justice in England,* Professor R. M. Jackson hits the nail on the head when he states:

(Text):

There has been no apparent connection in the last hundred years between the political antecedents of judges and the decisions of those judges. The point is primarily one of public confidence, that people may feel sure that those on the bench have been appointed for legal eminence and suitability and not for political reward or by way of disposing of an embarrassing political colleague.

(Translation):

Regardless of whether he has a political background, the magistrate of our time and place surely receives great help from his guarantees and privileges: he is shielded from governmental influences by his irremovability; he is protected from the snare of his own ambition by lack of promotion; and he is guarded from abuse of duty by his fixed salary and widow's pension. It was Sir Robert Walpole, that great leader of men, who defined gratitude as "the hope of new favours"; and he added that men "are less concerned with what they've got than with what they're going to get". That is just it; once a judge has been appointed, he has no further goal to reach out for. There is only one final reward which he seeks and which he can hope for, and that is the satisfaction of having done his duty—thus participating in that nobly social work that is the administration of justice.

Such, Mr. Chairman, were the thoughts that came to my mind when I reflected on the premature demise of the Hon. Justice Oscar Boulanger. My heartfelt sympathy goes out to his family, to his former electors in Bellechasse, and to those in this house who knew him and shared my feelings for him. Let there be no doubt that he will forever remain, for us, a shining beacon of example and inspiration.

(Text):

Mr. Winch: Mr. Chairman, there are one or two things I would like to discuss under this vote and I think I will deal with them individually.

In the past few weeks there has been quite a bit of comment in the Canadian press to the effect that the Minister of Justice may have some thoughts in mind as to how he proposes to deal with the narcotics situation in Canada. There has been so much in the way of guesswork and surmise that I believe we would all appreciate any information the minister feels he can give us at this time on the narcotics situation in this country, in particular any views he may have as to the treatment of addicts.

I believe we all recognize the seriousness of the situation and I understand from the reports of the commission on narcotic drugs in the United Nations that it is estimated there are somewhere in the neighbourhood of 5,000 addicts in Canada, of whom it is estimated over half are on the Pacific coast.

I believe we all recognize not only the seriousness of the narcotic addiction situation itself but the enormous cost that is involved, the millions of dollars spent on the illicit trade and also the millions of dollars involved because of the need of the addicts to get money in order to buy their supplies, to obtain which they resort, in most cases, to crime. I have always been somewhat intrigued in reading the journals of the commission of the United Nations on narcotic drugs to note how in so many countries they do not have the same type or degree of narcotic situation as we have here in Canada. I have one of those reports before me now, and it is interesting to note that in the United Kingdom, where I believe they have a population of some 45 million, they have a record of only 335 addicts, and all those addicts, so the report states, are receiving their drugs from licit sources by licit means.

This should give us some reason to pause and think. I will not say that I believe I know the answer. I know that a study of this situation was made by a committee of the other house a couple of years ago which brought down a comprehensive report. That committee had its views on the subject, but I am not going to say I agree with those views. I know that we have what is called the English system, and some people believe in it and others do not, including one high authority in British Columbia. I know, also, that something else was tried in the United States which has been approved by some and discounted by others. I am not going to put myself up as any kind of authority, but I have been interested in this problem, as was my late father, for many years, and there must be an answer somewhere.

At least we should be trying something new. Surely, we cannot continue any longer with the situation which exists at the present time. On one issue I am very definite. As far as the pusher is concerned, I believe he should be treated with all the severity of the law. By "pusher" I mean the pedlar, the man who makes a profit out of the narcotic hunger of the addict. I have no hesitation in saying that as far as these people are concerned I

would go even further than the present law prescribes as to penalties.

An hon. Member: Capital punishment?

Mr. Winch: No, you are not going to catch me on that. I will go right up to life imprisonment. I also feel strongly that we would have some semblance of control if we could take the profit motive out of the illicit trade, and the only way to do that would be to recognize that addiction is an illness, and treat it as such. I have been interested in reading about the methods used in the majority of the countries of the world. In most cases, I find there is no compulsory registration of addicts nor is there compulsory notification of addiction. There is not even compulsory treatment of addiction. I find this rather strange, and I do think that perhaps we should give serious thought to requiring the compulsory notification of addicts, and registration of addiction so that there may be a record and so that cases of addiction can be followed up in order to try to persuade these people to take proper treatment and become rehabilitated. I do not see how this can be done unless there is some system of registration.

I am not going to say that there should be free drugs, because I admit I am a little afraid of the principle of free drugs, but I do say there might well be free treatment of addicts and this would mean the establishment of addiction treatment centres. As I said before, I have nothing conclusive in mind, nor is my mind set in any distinct channel as to how to make the best approach to this most serious problem in our country, but in view of the fact that I have read so many articles in the press of recent weeks commenting on the subject or trying to guess what is in the mind of the minister, I feel that he must have some thoughts on the problem at this stage and that even if he has not yet decided on any final policy he might now be in a position to give some interim information to the committee and make some recommendations as to how we might deal with this difficult problem.

Mr. Fulton: Perhaps at this point I might reply to some of the observations which have been made in the committee today. I should like to express appreciation of the spirit of the remarks made by the hon. member for Megantic. He will recall the comments he made with regard to the appointment of judges and the choice of the best possible men to fill those positions. I also agree that there are certain areas in Canada where there is heavy pressure of work on existing judges and some definite indication that more appointments are required. He will recall that there is a resolution now on the order paper for an amendment of the judges act to appoint additional judges in Ontario and New Brunswick, which are among the provinces which have made requests for increases. British Columbia also made a request for an increase, but I felt that since there had been the appointment of a new chief justice there it was desirable to let him have some time to assess the situation and make a report to us on the additional requirements.

With regard to Quebec, as the hon. member himself admitted, it is not possible for us to make appointments until the provincial government has provided for the positions. I would remind him, however, that the province did last year pass an order in council which enabled us to appoint four additional judges of the superior court. He will also recall it was the intention of the premier and attorney general to provide a special intermediary appeal court with six judges. This measure did not receive its final passage because I believe the premier indicated that he wished to consider it further, but I think it is a fairly clear indication that it is in the mind of the premier and attorney general of Quebec to increase the number of judges and make additional appointments in the province.

(Translation):

Mr. Chairman, I appreciate the aptness of the remarks just made by the hon. member for Bellechasse (Mr. Dorion) and I thank him for the kind words he had for me. I fully share his opinion that lawyers elected to this house make a real contribution to good public administration and to the business of this country. To my mind, many of our laws would not be as good or as efficient if lawyers had had no hand in their preparation.

(Text):

I appreciate very much the words of the hon. member for Vancouver East. I know of his concern with this problem of narcotics and of the contribution and study that he has made to it. I wish that I could comply with his request for a definite statement. I will be as definite as I can but I am unable to be as definite as I would like to be as to our policy.

I can tell him, however, that the studies are progressing. We are not letting the matter drop, nor are we slackening in our intent or our desire to arrive at a solution, at least at a solution in our minds which we can present to parliament. I think with him that it is going to be very difficult for anyone to say that he has the complete answer even after he studies it. We must arrive at a decision, yes, but even then we would not want to be dogmatic about it. But we agree, I think, that we have to try something different when

the present system is not working. Studies are proceeding on an informal committee basis between my own departmental officials, the R.C.M.P. and the officials of the Department of National Health and Welfare.

I hope, at any rate,—and I do not think it is too much to say—that we may be able to present a series of amendments or proposals to amend the Criminal Code next year. I hope it is not too much to say that we shall be able to present a proposal with regard to narcotics. At the same time, I would like to make one thing clear with regard to suggestions that I myself have made from time to time as to one possible solution of this problem.

I want to emphasize, first, that I have never gone beyond saying that this is one possible solution that we should look at. I have never said that this is the only solution, but I have referred to a possibility of establishing clinics for the treatment of convicted addicts. To judge by newspaper comments, some have taken from my remarks the idea that I was suggesting that we should establish institutions for the free distribution of drugs. This is the furthest thing from my thoughts. I think it would be a retrograde step. The idea of a convicted addict coming in and getting drugs handed to him to be taken by him, or taken away and used by him, without supervision, I never had in mind. I am quite sure that, as far as we can go, if a solution along this line is to be adopted, is to establish clinics.

There, as part of the condition upon which he may be released from penitentiary, the convicted addict might come in and be administered the minimum required dose under the supervision of a properly established and staffed medical clinic.

That, I think, would go a long way, if it is found to be feasible, toward this objective which the hon. gentleman and I, and I think everybody, have in mind. That is, taking the profit out of the drug traffic and also putting on a scientific and social basis our attitude toward addicts who, as the hon. gentleman says, are—while they may have committed crimes to obtain drugs and nearly all addicts have been guilty of crime—unfortunately ill. They are not only criminals, they are also ill.

But I think I must say to him that it would not be possible, as I see it, for this parliament to go beyond setting up those clinics for the treatment of convicted addicts. We could have no jurisdiction whatsoever to set up clinics to which persons who are self-confessed addicts might come. That would require action on the part of the provincial governments, or possibly some joint action between the dominion and the provinces. We ourselves have no jurisdiction to take power to treat people in this field, as I see it, unless it is as part of the criminal law.

Therefore, we cannot just set up clinics to which anyone could come who was not there because of his connection with crime or our jurisdiction over him under criminal law. I realize that may not be going as far or be quite as definite as the hon. gentleman would like me to go or to be; but, as I have said, for the reasons I have given, I cannot go farther. I want to emphasize again what I have said about the examination of this clinical treatment. It is only one of the possible solutions that we are studying.

Mr. Howard: Mr. Chairman, could I make one comment with respect to the question raised by the hon. member for Vancouver East and the reply of the minister and say that I appreciate very much the attitude expressed just now by the minister. I know it is the one that he has had for some time. I also express the hope that when his studies and the studies of the officials of his department with respect to the matter of narcotic addiction have jelled and he is in a position to present to the house a plan for dealing with the question of narcotic addiction it will move in the direction of finding a solution.

I think personally that society's approach to narcotic addition in years past has been too static. We have not been attempting to assess the full implications or attempting to deal with the problem completely. I wish to express my sincere appreciation to the minister on the attitude he has taken before, and also the one that is expressed now, and wish him every success. I hope that when the plan is developed and into operation, whatever it might be, it will have every possibility of success so that those unfortunate people who because of some mental illness are addicted to narcotics will be able to fulfil some role in society and make some contribution to society which, unfortunately, because of our attitude now they are not able to do.

Mr. Winch: There is another matter under the administration vote which I would like to raise. I want to do it on the basis of the principle concerned and not the individual concerned although, of course, there will be a reference to an individual. It is on the basis of the principle that I am referring to the matter about which there were a number of questions on the order paper at the present session dealing with the cancellation of the parole of William Munavish in Vancouver.

As I say, I am going to use the individual to get to the principle. Here is a man who was convicted as an habitual criminal. Since he was convicted he must have been a pretty dangerous man.

Mr. Fulton: Will the hon. gentleman permit a suggestion? If we could carry the first item, which is the general vote, we would find that the very next item has to do with the remission service, which is the proper place to discuss this and we would at least have passed the first item.

Mr. Winch: Yes.

Item agreed to.

158. Remission service, including $50,000 for grants to recognized prisoners' aid societies as may be approved by treasury board, $319,194.

Mr. Winch: You were determined you were going to get the first vote through by 4.30 were you not? We are very glad to co-operate at all times. As I say, here is a man who must have been a dangerous criminal because he has been with the Minister of Justice.

Mr. Howard: The Minister of Justice?

Mr. Winch: I do not mean it in that sense. Yet, he must have reached a point of rehabilitation that was of a high standard because the remission service saw fit to release him on a ticket of leave.

In the penitentiary he was trained as a shoemaker. In Vancouver he started to work as a shoemaker. One day he was arrested on the ground that his ticket of leave had been cancelled. I am not going into the particulars. He was released because of a technicality which the Department of Justice and the remission service took care of within a couple of days and was promptly rearrested. This time there was no technicality and the man is now back in the penitentiary.

However, Mr. Munavish and his counsel maintained at that time that he did not know how he had broken his ticket of leave but the important point is that he had no opportunity to defend himself against the charge that he had broken the terms of his ticket of leave. Hon. members will recall that when this matter was raised last on the orders of the day the Minister of Justice informed the house that he doubted very much that the man did not know how he had broken his ticket of leave but he would see to it that he was informed. I want to say right now that the Minister of Justice certainly kept his word in that regard because a representative of the remission service on the west coast went to the penitentiary and informed Mr. Munavish why his ticket of leave had been cancelled.

Here is the principle, Mr. Chairman. First of all, under instructions from the Department of Justice legal counsel for Mr. Munavish was informed that only Mr. Munavish would be told the reasons why he was charged with breaking his ticket of leave and the instructions were such that not even the warden was to be present. The man's legal counsel was not to be present nor was permission given for any written statement of the charges which resulted in the ticket of leave being rescinded. Nobody but the remission service agent and Mr. Munavish knows what went on between them and we have to take the word of the one or the other.

Since that time I have received from the counsel for Mr. Munavish an affidavit made and sworn to by Mr. Munavish in which he denies all the allegations as they were given to him by the agent of the remissions branch when he met Mr. Munavish at the B.C. penitentiary on instructions of the Minister of Justice. He denies everything and says that he wants the opportunity to be able to defend himself.

Under circumstances of that nature what do we do? The Minister of Justice will admit that the only thing I could do when I received the affidavit from the man in the penitentiary and advice from his counsel was to raise the matter as I am now doing as an example of the principle of a man not having a right to a trial, shall I say, a right to be heard in his own defence when his ticket of leave is cancelled and he is returned to what could be, although we hope not, a life term in a penitentiary of this country.

To me there is something wrong. I know the view of the Minister of Justice and I want to thank him publicly for having invited me to his office, spending considerable time discussing this case and giving me information which I am not allowed to disclose because I was taken into the confidence of the minister. But having all that in mind, to me there is something wrong when a man, having been released on the authority of the remission service, has his ticket of leave cancelled without reasons being given, without an opportunity to defend himself, particularly when by affidavit he denies every charge made against him, and there is no procedure whatsoever that I know of unless the minister will use—is it sections 14 and 15?

Mr. Fulton: Sections 11 and 12 of the Ticket of Leave Act.

Mr. Winch: Sections 11 and 12 in order to give a hearing. I feel strongly that something is required under circumstances of this nature. Of course, the matter is not all one-sided. If the man demands such a hearing and the hearing is held and he is found guilty, then I think he will have to recognize that his rehabilitation in prison may take that much longer. But in the interests of justice I feel that fresh consideration should be given to the whole principle and policy as now carried out. I would not have spoken on this matter except that I did not dare

lose this opportunity, particularly when there perhaps may be something in the new parole bill of which notice has been given to the house. As it is now getting very close to 4.30 perhaps I had better sit down so that the minister will have time to say whether or not he is going to do anything along the lines I have suggested.

Mr. Fulton: Mr. Chairman, again I appreciate the hon. gentleman's interest in this case and the point of view from which he approaches it. It is a point of view with which I have every sympathy but I think I can say, and I hope I will be able to convince him, that it is a point of view that is not applicable to cases of parole or ticket of leave as it is now called. It is not applicable because what the hon. gentleman is asking for is a formal charge and a formal trial. He said that if the man is convicted he might be sentenced to penitentiary for a further period of years and then everybody will know and it will be justified.

But the reason I say that the principle of the right to a trial enunciated by the hon. member is not applicable here is that the man is not charged with any offence. He is not charged with an offense for which he can be tried. What has happened is that the parole authority, in the conscientious discharge of the duties of its position of supervising this man who was out on ticket of leave, has reported that in its opinion the circumstances are such that the interests of society, and in this case I can also say the interests of the man, require his recommittal to penitentiary. It is not that an offence had been committed but that it felt, and the knowledge in its possession was such, that if the man were left at large another offence would be committed.

Remember that parolees—I will call them that although, strictly speaking, they are not to be called that until the new bill goes through—are not persons whose sentences have been commuted. They have not been made the subjects of diminution of their sentences by exercise of an act of clemency. Their sentences are still in existence. Suppose their sentence is 12 years and they are paroled at the end of 6 or 7 years. The sentence is not commuted but still has 5 or 6 years to run, as the case may be. It is simply that it is found that they are able to serve the balance of their sentences outside the penitentiary on condition that they submit to the supervision of a parole officer and report from time to time with varying degrees of frequency.

It is a licence. It is not a shortening of the sentence. The sentence is still there and all that happens is that if the parole authority has reason to believe that the interests of society or the welfare of the man demand it, it so reports and the man may then be recommitted to the institution for the purpose of investigation, first of all as to whether in fact his parole should be suspended or revoked.

In this case, an investigation has taken place, and for the time being this parole has been revoked. This does not mean that the man may not be released on parole again.

There is, I know, more to say about this, Mr. Chairman, but what I have tried to do is state the broad principles upon which parole proceeds. I see it is now 4.30.

The Chairman: Shall item 158 carry?

Mr. Winch: I thought we were going to get more detail.

The Chairman: Does the minister wish to go into more detail on item 158?

Mr. Fulton: No, I do not wish to do so. Unfortunately, perhaps, I am not able to tell the reasons why this man was re-committed. I think I am confined, therefore, to stating the principles applicable with regard to the method followed in his recommittal. I have no reason to ask that the item stand.

Mr. Winch: I have some other matters I want to raise about parole.

Mr. Fulton: They could be discussed further on the parole bill.

The Chairman: Does the hon. member wish to have those matters discussed on the parole bill?

Mr. Winch: No, under item 158.

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

BUSINESS OF THE HOUSE

Mr. Pickersgill: I wonder if the leader of the house could throw some additional light on next week's business?

Mr. Green: There is a supply motion on Monday, and if we should get into supply on Monday we will continue with the estimates of the Department of Justice.

Mr. Pickersgill: The same would apply to Tuesday?

Mr. Green: No, if the supply motion carries over into Tuesday and we get into supply before the end of the day we would like to

go back on the Excise Tax Act and then the Customs Tariff resolution.

Mr. Pickersgill: Is it the intention of the government to go on with the budget resolutions? It would be very helpful, particularly to the hon. member for Kenora-Rainy River, if he could know.

Mr. Green: Probably, although I cannot be sure. I think there will have to be a request for interim supply.

At 4.35 p.m. the house adjourned, without question put, pursuant to the order of the house passed on August 1.

ANSWER TO QUESTION

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

PASSAMAQUODDY POWER PROJECT

Question No. 170—**Mr. Robichaud:**

1. Has a report been submitted to the Prime Minister, the Minister of Northern Affairs and National Resources, or any other department of government, as an outcome of studies recently made by Canada and the United States, through the international joint commission, in reference to the possibility of harnessing the ebb and flow of tides in the bay of Fundy, referred to as the Passamaquoddy power project?

2. If so, can the house expect such a report to be tabled before the end of the present session?

Answer by: **Hon. Sidney E. Smith (Secretary of State for External Affairs):**

1. No.

2. Answered by No. 1.

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

DEPARTMENT OF VETERANS AFFAIRS

473. Departmental administration, $2,438,212.

474. District services—administration, $3,287,475.

475. Veterans' welfare services, $3,494,262.

Treatment services—

476. Operation of hospitals and administration, $48,362,061.

477. Medical research and education, $324,000.

478. Hospital construction, improvements, equipment and acquisition of land, $4,481,000.

479. Prosthetic services—supply, manufacture and administration, $1,206,934.

480. Veterans' bureau, $622,622.

481. War veterans allowance board—administration, $153,112.

482. Veterans insurance, $80,602.

War veterans allowances and other benefits—

483. War veterans allowances, $58,066,500.

484. Assistance fund (war veterans allowances), $2,000,000.

485. Treatment and other allowances, $2,400,000.

Miscellaneous payments—

486. To provide for payments to the last post fund; for the payment under regulations of funeral and cemetery charges, including the perpetual care of graves where applicable; for the cost and erection of headstones in Canada; for the maintenance of departmental cemeteries; for the maintenance of Canadian battlefields memorials in France and Belgium; for Canada's share of the expenditures of the imperial war graves commission; and for production of books of remembrance, $1,431,970.

487. Grant to army benevolent fund, $8,000.

488. Grant to Canadian legion, $9,000.

Canadian pension commission—

489. Administration expenses, $2,519,695.

490. Pensions for disability and death, including pensions granted under the authority of the civilian government employees (war) compensation order, P.C. 45/8848 of November 22, 1944, which shall be subject to the Pension Act; and including Newfoundland special awards, $152,366,500.

491. Gallantry awards—world war II and special force, $21,500.

Soldier Settlement and Veterans' Land Act—

492. To provide for the cost of administration of Veterans' Land Act; soldier settlement and British family settlement, $5,249,350.

493. To provide for the upkeep of property, Veterans' Land Act, including engineering and other investigational planning expenses that do not add tangible value to real property; taxes, insurance and maintenance of public utilities, $61,550.

494. To provide for the payment of grants to veterans settled on provincial lands in accordance with agreements with provincial governments under section 38 of the Veterans' Land Act and payment of grants to veterans settled on dominion lands, in accordance with an agreement with the Minister of Northern Affairs and National Resources under section 38 of the Veterans' Land Act, $215,000.

495. To provide for the payment of grants to Indian veterans settled on Indian reserve lands under section 39 of the Veterans' Land Act, $100,000.

496. To provide for the reduction of indebtedness to the director of soldier settlement of a settler in respect of a property in his possession, the title of which is held by the director, or such soldier settler loans which are administered by the Indian affairs branch of the Department of Citizenship and Immigration, by an amount which will reduce his indebtedness to an amount in keeping with the productive capacity of the property or his ability to repay his indebtedness under regulations approved by the governor in council, $1,000.

497. To authorize and provide, subject to the approval of the governor in council, for necessary remedial work on properties constructed under individual firm price contracts and sold under the Veterans' Land Act to correct defects for which neither the veteran nor the contractor can be held financially responsible and for such other work on other properties as may be required to protect the interest of the director therein, $5,000.

Terminable services—

498. Veterans benefits, including assistance and the training of certain pensioners under regulations approved by the governor in council, $1,050,000.

499. To provide for the repayment in such amounts as the Minister of Veterans Affairs determines, not exceeding the whole of an amount equivalent to the compensating adjustment made under subsection (1) of section 13 of the War Service Grants Act or the payment made pursuant to paragraph (c) of subsection (2) of section 12 of the Veterans Rehabilitation Act, where the person who made the compensating adjustment or payment does not receive benefits under the Veterans' Land Act or where, having had financial assistance under that act, he is deemed by the minister on termination of his contract or agreement under that act to have derived thereunder either no benefit or a benefit that is less than the amount of the compensating adjustment or payment made, $250,000.

517. To authorize the operation of a revolving fund in accordance with the provisions of section 58 of the Financial Administration Act for the purpose of financing the manufacture of remembrance day poppies and wreaths, the amount to be charged to the revolving fund at any time not to exceed, $350,000.

518. To authorize the making of a loan by the Minister of Veterans Affairs to William J. Edwards, a veteran of world war I, in the amount of $1,000, such loan to be repayable on demand by the minister and to be made on the security of a

mortgage acceptable to him, executed by the veteran and his wife and registered as a first charge on a parcel of land held by the veteran and his wife as joint tenants and described in the land registry office, New Westminster, British Columbia, as lot 13, block 14, northwest quarter of section 11, township 1, plan 14124, New Westminster district, $1,000.

Soldier Settlement and Veterans' Land Act—

519. To provide for protection of security—soldier settlement, and refunds of surplus to veterans, $4,550.

520. To provide for purchase of land and permanent improvements; cost of permanent improvements to be effected; removal of encumbrances; stock and equipment; and for protection of security under the Veterans' Land Act, $14,827,250.

Treatment services—

652. Operation of hospitals and administration—further amount required, $1,183,380.

War veterans allowances and other benefits—

653. Treatment and other allowances—further amount required, $300,000.

Soldier Settlement and Veterans' Land Act—

654. To authorize and provide, subject to the approval of the governor in council, for necessary remedial work on properties constructed under individual firm price contracts and sold under the Veterans' Land Act to correct defects for which neither the veteran nor the contractor can be held financially responsible and for such other work on other properties as may be required to protect the interest of the director therein—further amount required, $4,000.

DEPARTMENT OF JUSTICE

A—Department—

157. Departmental administration including annual contribution of $200 to the conference of commissioners on uniformity of legislation in Canada, $592,290.

ROYAL CANADIAN MOUNTED POLICE

Headquarters administration, national police services and training establishments—

373. Administration, operation and maintenance, $8,131,933.

374. Construction or acquisition of buildings, works, land and equipment, $868,099.

Land and air services—

375. Operation and maintenance of divisions, $30,320,042.

376. Construction or acquisition of buildings, works, land and equipment, $4,346,956.

Marine services—

377. Operation and maintenance, $1,539,396.

378. Construction or acquisition of buildings, works, land and equipment, $830,588.

379. Grant to the Canadian association of chiefs of police, $500.

380. Grant to the Royal Canadian Mounted Police veterans' association, $300.

Pensions and other benefits—

381. Pensions to families of members of the mounted police who have lost their lives while on duty, as detailed in the estimates, $15,162.

382. Government's contribution to the Royal Canadian Mounted Police pension account, $1,189,879.

Headquarters administration, national police services and training establishments—

614. Administration, operation and maintenance—further amount required, $100,000.

615. Construction or acquisition of buildings, works, land and equipment—further amount required, $15,000.

Land and air services—

616. Operation and maintenance of divisions—further amount required, $230,000.

617. Construction or acquisition of buildings, works, land and equipment—further amount required, $1,969,781.

Marine services—

618. Operation and maintenance—further amount required, $36,000.

619. Construction or acquisition of buildings, works, land and equipment—further amount required, $613,700.

Pensions and other benefits—

620. Government's contribution to the Royal Canadian Mounted Police pension account—further amount required, $388,728.

APPENDIX

CHICAGO DIVERSION—AIDE MEMOIRE FROM CANADA TO UNITED STATES

Useful conversations between United States and Canadian officials were held in Ottawa on July 7, 1957 on the subject of the sanitation problems which gave rise to proposed legislation for a three-year temporary diversion of 1,000 cubic feet of water per second from the great lakes system and on the subject of studies to be carried out under the proposed legislation.

The Canadian government understands that if such legislation is enacted these sanitation studies will not be limited to evaluating the effects of dilution but will also include consideration of all possible measures for dealing with waste disposal facilities at Chicago. Such measures would include:

(a) complete separation of storm sewers from the domestic sewerage system or expansion of the existing treatment facilities to serve a total combined flow;

(b) treatment of organic wastes in industrial plants before discharging these effluents into the sewerage system;

(c) chlorination of effluent before discharge into the Illinois waterway; and

(d) artificial aeration of the waterway.

The treatment of sewage in the Chicago area is, of course, a matter entirely within the jurisdiction of the competent legislative bodies within the United States. It is understood that present treatment of waste represents a vast improvement over conditions which existed in former years and that under the present day uses of the water the waste is more a nuisance than a menace to the public health in the area.

In considering the economics of alternative methods of improved waste disposal, it is assumed that full consideration will be given to the economic harm which may be done to navigation and hydro-electric generation in both countries by extended use of dilution methods.

It is not possible to give a firm undertaking to provide flows of a particular volume through the existing Long Lac and Ogoki diversions to the great lakes basin during the three-year period envisaged by proposed United States legislation. However, if it were possible to offset part of the effects of the Chicago diversion by inflows from the Albany basin in Canada, it would be equitable that an equivalent amount of water should remain available for use in hydro-electric power generation by the Ontario interests at St. Marys falls, Niagara falls and in the international section of the St. Lawrence river until the effects of the proposed temporary diversion will have ceased to be felt in the great lakes system.

All rights under the provisions of the boundary waters treaty of 1909 are specifically reserved.

The Canadian Embassy

Washington,
January 6, 1958.

(Handed to the State Department 4:30 p.m. Jan. 6, 1958)

HOUSE OF COMMONS

Monday, August 4, 1958

The house met at 2.30 p.m.

PRIVILEGE

MR. CHURCHILL—DENIAL OF CERTAIN NEWSPAPER STATEMENTS

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker—

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I rise on a question of privilege.

Mr. Churchill: Mr. Speaker, I was on my feet first.

Mr. Pickersgill: A question of privilege.

Mr. Speaker: I recognized the Minister of Trade and Commerce.

Mr. Churchill: I am rising on a question of privilege in connection with various newspaper reports containing alleged statements attributed to me. These statements are without foundation. The Ottawa *Journal* of August 2 published an article by Richard Jackson with a subheading in quotation marks reading as follows: "Breach Civil Service Propriety". This statement I did not make. It is without foundation. Then there follows this paragraph in quotation marks:

"There is no doubt but that unauthorized access was allowed to the department's confidential files", said Mr. Churchill, "for the quotations from the report are both very copious and quite accurate."

That statement, Mr. Speaker, is without foundation. Further down in the article I am alleged to have said that I intend to run this thing down. The words "run this thing down" are in quotation marks. That statement is without foundation. Toward the end of the article occurs the following paragraph:

Mr. Churchill made it plain that while his investigation would be "thorough"—

The word "thorough" is in quotation marks.

—it would not be actually "tough".

The word "tough" is in quotation marks. That statement, Mr. Speaker, is without foundation. The Toronto *Telegram* of August 2 carries an article written by Peter Dempson. The third paragraph of that article reads as follows:

Trade minister Churchill summed up his reaction to the leak in one word "violent"—

The word "violent" is in quotation marks. That statement is without foundation. Further on I am alleged to have said:

"Well I guess they are authentic all right"—

That statement is without foundation. The *Globe and Mail* of Monday, August 4, carries an article by Clark Davey in which he attributes to me the following statement which he puts in quotation marks:

"There is no doubt about it", he said, "the newspaper report is based on the actual report".

That statement, Mr. Speaker, is without foundation.

BUSINESS OF THE HOUSE

GOVERNMENT BUSINESS ON MONDAYS—MORNING SITTINGS

Right Hon. J. G. Diefenbaker (Prime Minister) moved:

That notwithstanding the provisions of standing order 15(3), the business and procedure on Monday, August 11, 1958, and on every Monday thereafter until the end of this session, shall be as for Monday (government day), and

That on Monday, August 11, 1958, and on every sitting day thereafter, until the end of this session, this house shall meet at 11 o'clock a.m., and in relation thereto that the provisions of standing order 2(1) shall be suspended.

Hon. L. B. Pearson (Leader of the Opposition): So far as the first part of this motion is concerned, Mr. Speaker, the official opposition will not object to it. So far as the second part of the motion is concerned, the extending of the time of sitting as from Monday, August 11, so that we will meet every morning, including Saturday morning, we do take objection.

It will be recalled that a short time ago the leader of the house introduced a resolution extending the hours of sitting, and we did not object. In fact we supported it on the ground that we were, so we thought, approaching the end of the session and perhaps some provision should be made for extending the hours of sitting. The provision that was made on that occasion did not interfere with the work of the committees, at least to any alarming extent, so we supported it.

We now have a motion before us which would make committee work very difficult, if not impossible, in the sense that the committees could hardly meet except during the hours when the house is in session. Some committees have just begun their work and others are in the middle of their work. The

committee on external affairs has just begun its work. It was meeting this morning, and it is now suggested that it should meet this afternoon also.

We object, therefore, to this second extension of the hours of sitting because of the effect it will have on our committee work. Perhaps by next Monday we would be in a better position to make an estimate of how the committee work is getting on and when it is likely to finish. Perhaps we would be in a better position then to relate the extension of hours to the work of the committees than we are at the moment.

We object also to this motion because it provides for parliament meeting morning, afternoon and evening, except on Wednesday and Saturday, for an indeterminate period. I suggest it certainly is indeterminate because we have no idea what legislation the government is going to introduce. So far as we know there has been no planning of the work for the remainder of the session. There is some important legislation forecast in the speech from the throne which is not yet on the order paper. We do not know in what form it will be on the order paper, and we do not know what length of time will be required to complete it. We may be here for weeks, and that is not a prospect that anyone contemplates with great pleasure, I am sure.

Until we get some indication as to the planning of the work ahead, the legislation which has to be passed this session, surely it is not right to ask the house to meet morning, afternoon and evening, with the exception of Wednesday and Saturday, especially when the committee work is continuing. This is the way we approach this particular resolution.

We have done our best on this side, by inquiries we have addressed to the leader of the house and the Prime Minister from time to time, to get some specific information on the planning of the work ahead. There have been occasions this session when at 10 o'clock at night we have asked about the work ahead and it has not been possible to tell us definitely and with assurance what would be done even the next day, let alone two or three days or a week or two ahead.

I recall—and I mentioned this point the other day when I was talking about this matter—how the former leader of the opposition, Mr. George Drew, used to rise in his place day after day and attack the government in vigorous terms because the government of that day, so he said, did not give the opposition sufficient advance notice of the work to come before parliament and did not plan ahead.

May I say, Mr. Speaker, that on the order paper today there is no evidence of planning ahead. Until we get some notice of what we are going to have to do and how long it may be necessary to stay here to do it, and until we get further information as to the work of the committees and when that work is likely to be completed, it is not possible for us to support that part of this resolution.

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, we now have before us a motion moved by the government. It can be broken down into two principles. In the first section the principle means that starting next Monday, that day until the end of the session shall be government days. In the second section the principle is one which is going to quite radically change the hours of sitting of this house.

I desire to open my remarks in this way. Within your view, Mr. Speaker, I am going to hold in my hand, as I now do, a copy of the standing orders of the House of Commons, an edition which as revised came into effect in the year 1955. That revision of the standing orders was not introduced into the house until there had been a lengthy study by a committee representative of all parties of this house; and if my memory serves me correctly, it was brought in as an almost unanimous recommendation on the changes in standing orders. I am certain that Your Honour will remember the necessary resolution which was brought into this house and the speeches that were made at that time as to the meaning of the revision. It had a recognition of the responsibilities of government and a recognition of the responsibilities and the rights of minorities.

In particular I draw to Your Honour's attention the fact that when this revision of standing orders was introduced, the protection of minorities not only referred to minority groups in this house but also referred to minority rights in this house and minority rights in a number of particulars affecting the majority of the members of this house, namely the rights of private members irrespective of whether they sit on the government side, in the official opposition or in any other group in this house. Mr. Speaker, I should just like to refresh your memory, although I do not think it is necessary, and the memories of those who were here in 1955 and who now sit on the government side as to the fundamental meaning of standing orders. Keeping that in mind, and not forgetting what was said in 1955, we now have before us a motion introduced by the government to once again during this session—I repeat once again—ask this parliament to take action notwithstanding something which is contained in the revised standing orders of 1955, which we were told was put there basically for the

protection of minority parties, and most certainly for the protection of private members.

The first part of the motion is to remove any possibility after next Monday of a private member having any right whatsoever in this house, for the balance of this session, so far as bills or resolutions are concerned. Without reference to any record whatsoever I think I could make quite a speech on that subject, but I do not intend to do so. I am going to take a leaf out of the Conservative book while that party was the official opposition in this house, and will also refer to some things which have been said since that party has formed the government.

In referring to the record, Your Honour, I am going to ask the government and, since he seems to be so interested, the leader of the house, to answer a question when I have completed my remarks. Is there a difference so far as the government is concerned in the responsibility of the government and the responsibility of the official opposition, once that opposition takes office? If the government party is the party of principle and believe in what they said for over 20 years while they were on this side of the house, why do they this afternoon completely deny every expression of principle on an issue of this nature, about which they were so vociferous for over 20 years—

An hon. Member: Twenty-two years.

Mr. Winch: —and in particular during the past five years?

I do not often indulge in a great deal of quoting, but in respect to this motion I intend to do so; and every word I am going to quote will be taken from the official record of *Hansard*. You will see, Mr. Speaker, that I have the volumes in front of me and my references will be to the remarks of the former leader of the Conservative party, Hon. George Drew, the Prime Minister (Mr. Diefenbaker), the Minister of Finance (Mr. Fleming), the Minister of Justice (Mr. Fulton) and the Postmaster General (Mr. Hamilton).

Some hon. Members: Oh, oh.

Mr. Winch: Mr. Speaker, hon. members should be very careful, because I have books under the desk in case any hon. member over there thinks he is being overlooked.

I desire to introduce this question of principle by means of what I believe is a most important statement, because it was made by an hon. gentleman who previously had the honour to sit in your place, Mr. Speaker, namely Mr. Speaker Fauteux. Both he and Dr. Beauchesne spoke on this subject. I wish to read a very short excerpt from the remarks of Mr. Speaker Fauteux, made with the assistance of Dr. Beauchesne, who at the time in question was clerk of the house, when they presented a report to the House of Commons in 1947. This can be found in the *Journals* of the House of Commons for 1948. It is found on page 10, and this is what it says:

> The mere object of shortening sessions must not be the aim of any revision of our rules.

In view of what the Leader of the Opposition said a few moments ago I ask that he take note of that. I continue:

> The duties of a representative parliament are too important to be performed in a hurry. No question should be decided until it has been fully discussed. Yet no member of the house wants delays based on rulings or practice which may have been necessary when they were established centuries ago but which have no reason to exist at the present time. Conditions have changed. Although every effort ought to be made to economize time, every shade of opinion has the right to find expression and members who desire to give their views should not be prevented from doing so.

That statement, sir, as I pointed out is found in the *Journals* of the House of Commons for 1948, a submission made by Mr. Speaker Fauteux and Dr. Beauchesne. I say that this in itself negates the principle outlined in the first section of the motion now before us because this is a motion to deny from Monday next any opportunity for a private hon. member of this house, irrespective of whether he sits on the government or opposition side, to pursue any motion, resolution or bill that he now has on the order paper.

Having used that authoritative introduction, I wish now to take the minds of hon. gentlemen, who sit on the government side of the house, back just a couple of years or so and review what was said by some of them when they sat in opposition. I intend to refer them first to some remarks made by Hon. George Drew, who for many years was the leader of the Conservative party in opposition in this house. I refer hon. gentlemen to *Hansard* of February 3, 1954, at page 1728. Referring to the Liberal government that was then in power, Mr. Drew said on that occasion:

> I hope the government will not suggest to us that private members can make no useful suggestions which they themselves have not already thought of. If they were to take that position it would surely be strangely inconsistent with the arguments which have been made in support of other measures still before this house for consideration. No; the government must, in view of the argument they have been making, support the argument that they believe that private members have an important place here and that private members have much to contribute.

I hope there are many hon. gentlemen opposite, and I think there are, who have much to contribute; because on reading the

order paper I find that there are many motions standing in the names of hon. gentlemen who sit on the other side of the house. I continue:

> They have been urging that private members have plenty of time—

May I repeat that phrase, "plenty of time"—

> —to devote to the study of problems and, presumably, to the making of suggestions here in this house which would help the government. These motions, the private bills or the public bills are not put forward merely for the personal satisfaction of any individual member. They are put forward here as part of the legitimate and proper business of this house.

On page 1729 Mr. Drew went on to say:

> —this is the time to change the trend and to get back to a position where private members in this house are afforded the opportunity to assist the government by placing before parliament suggestions which are in keeping with the status of members as emphasized by the Prime Minister (Mr. St. Laurent) in his remarks in this house on at least two occasions.

What I have read indicates that when Mr. Drew was leader of the Conservative party in opposition he held very definite views on this subject. He had even more than that to say. I should like to refer hon. members to *Hansard* of April 28, 1952, at page 1639, where Mr. Drew is reported as having said:

> This motion will have the effect of further limiting the rights of private members, which already have been limited greatly. During the years of war and immediately after the habit grew of setting aside the rules; but surely now we have reached a time when we can abide by the rules.

That was Hon. George Drew, sir, speaking on April 28, 1953. Let us bring it a little more up to date. Let us not deal just with a former leader of the Conservative party in opposition; let us deal with a former leader of the Conservative party in opposition who is now the Prime Minister of Canada (Mr. Diefenbaker). I refer you to *Hansard* of July 12, 1955, at page 5989, where the present Prime Minister in discussing a motion of a similar nature said:

> The hon. member who preceded me mentioned the decline in the power of private members. That is all too true.

That is how he felt when the Liberals tried to curtail private members' days and rights, but he had a bit more than that to say. At page 5990 of *Hansard* of July 12, 1955, we find this statement:

> One thinks of the Lauriers and the Bordens, and one could name other great speakers of that time who carried on debate for weeks on end, as a debate was recently carried on, for whenever the privileges and traditions of parliament are invaded parliament should be vocal.

The house may think before I am through that I am being a little bit vocal, but I am taking the advice of the Prime Minister who, when he was leader of the opposition, said that when there is a motion to change a standing order and remove the rights of parliament, members should be vocal.

Now, sir, can we not all remember the righteous indignation of the present Minister of Finance when he sat on this side of the house, and what he had to say when the Liberals had the unmitigated temerity to try to remove any of the rights of the opposition and of private members, or to change a standing order that would affect us? Well, sir may we at this time just remind the Minister of Finance what his opinions were not so long ago, as recently as July 12, 1955, as found at page 5999 of *Hansard*:

> This house cannot function without rules. The rules should be broad and fair.

Through you, Mr. Speaker, may I ask the Minister of Finance to listen to the next sentence.

> Their purpose should be to safeguard particularly the rights of minorities in the house.

I hope the minister will not be disturbed because I gave only one quotation from him, but there are so many others of import that must be noted that I should like to refer to another stalwart of the rights of opposition minorities, and "do not change standing orders", and that is the Minister of Justice.

Mr. Fulton: We are all in this, apparently.

Mr. Winch: Mr. Speaker, all we on this side of the house are asking for now is that the Minister of Justice, as a member of the government, shall give the present opposition the justice that he demanded when he was in opposition. What did the present Minister of Justice have to say on January 27, 1955?

Mr. Fulton: What were we discussing then?

Mr. Winch: He had this to say.

Mr. Fulton: What were we discussing?

Mr. Winch: He said—

Mr. Fulton: What were we discussing? Will the hon. gentleman tell us the occasion of the debate?

Mr. Winch: A matter similar in nature to what we are on now.

Mr. Fulton: Was it not the revision of the rules? I would be interested to know.

Mr. Winch: Wait and hear it.

Mr. Fulton: The voice of doom.

Mr. Winch: Perhaps I was unfair to the Minister of Finance in giving him only one quotation; I have two for the Minister of Justice:

> Very often—and perhaps more so on this side than on the other—we members object to the way in

which the government seeks to control parliament, and to the way in which it ignores parliament.

You have the page number if you wish to check it. Or course you know, sir, when you ask for a suspension of standing orders to remove the rights of private members you are ignoring parliament. As I said, I have two quotations from the Minister of Justice but there are many more. My next quotation is found on page 5564 of *Hansard* of July 1, 1955, and reads as follows:

> As a matter of fact, in connection with this whole matter I think the proper approach is that the rules are not a party matter. The rules do not belong to any party in the house and should not be changed by a majority vote of any party in the house.

This is a very important statement.

Mr. Fulton: Will the hon. member permit an interruption? Is it not a fact that what was being discussed there was a change in the standing orders themselves, a change in the form of standing orders, a revision of the rules; and that in speaking of a change in the rules or to suggest that a change having permanent effect should not be imposed by a majority vote is very different from suggesting that a temporary suspension of a standing order be made without changing the rules, as is being done here?

Mr. Winch: Mr. Speaker, what was being discussed in the House of Commons on July 1, 1955 was the second report of the special committee on procedure and consideration in committee of the whole.

Mr. Fulton: Yes, a revision of the rules.

Mr. Winch: That is right, but in my hon. friend's discussion of the rules he made this definite statement:

> The rules do not belong to any party in the house and should not be changed by a majority vote of any party in the house.

If that principle is correct, Mr. Speaker, then we ask, on what basis does the same principle not apply to the changing of standing orders at the whim and the will of the government of which he is now a member? It is the same principle.

Mr. Fulton: There is no change in the standing order.

Mr. Winch: Yes, there is.

Mr. Fulton: There is a temporary suspension.

Mr. Winch: The government is now going to make a change for their purposes in standing orders so that, starting next Monday, there will be no rights and privileges of private members in the house as far as their resolutions and bills are concerned. In other words the discussion of private members' resolutions and bills is off as far as their rights are concerned.

I have a couple of more quotations. I am awfully sorry that the hon. member for Greenwood, the Minister without Portfolio (Mr. Macdonnell) is not in his seat, because he was a fighter for the rights of minority parties and of private members. I hope the Postmaster General is not going to leave because I have a honey for him. I have always had great admiration for the hon. member for Greenwood, that wonderful person, outspoken and, I think, sincere. He had this to say on January 26, 1955, as found at page 559 of *Hansard*, when he was on this side of the house:

> I stress again that what has happened is an almost complete negation of this principle. It is a kind of erosion of parliamentary rights. If we look at it clearly it is really a conspiracy against the principles of our constitution, and the *Free Press* is quite correct in what it states. We are told there is to be a further invasion of the rights of the minority. We are told that the rules are to be amended so that the rights we have had in the past will be drastically cut down. If this is attempted I can only hope that every member of the opposition, to whatever party he belongs, will resist to the utmost. I agree with facilitating the business in a sensible manner, but I think we should be astute to resist strongly anything which savours of merely cutting down the rights of the opposition, and I think we should do our very utmost to make the general public feel how important this is.

That was the view of the hon. member for Greenwood when on this side of the house at the time the standing orders were revised. I ask what is his position now, when we are faced with a further cutting down of the principles in the revised standing orders so far as the rights of minorities and of private members are concerned.

There is one more reference to the hon. member for Greenwood which I think is important. On February 8, 1955, as found on page 943 of *Hansard*, the hon. member for Greenwood said:

> Let us remember this, with regard to ourselves in the opposition, that often we call ourselves watchdogs. But watchdogs should be able to growl and to bite. And if we are slipping into a situation where we do not growl and bite so well, then we ought to be very much on our guard, indeed.

We in this group, Mr. Speaker, are on our guard indeed in view of what we were told by the Prime Minister and other cabinet ministers when they were in opposition and defending minorities and private members against the taking away of rights by the Liberals who now sit on this side of the house.

I also said there was one other minister whom I desired to quote, and that is the Postmaster General. I like him very much but I think, sir, that if I were to use the words he

used when the Liberals were taking away certain rights you would call me to order promptly. But I am not going to take that chance; I am going to quote from *Hansard*, which puts me completely in order. In view of the stand the Postmaster General took at that time, and in view of the position that as a member of the government he is taking now, I am going to ask him now whether he has the morality of an alley cat which he said the Liberals had when they tried to restrict the rights of private members.

An hon. Member: An alley rat.

Mr. Winch: "Alley cat" was the term. As found at page 788 of *Hansard* of February 2, 1955, the hon. member for Notre Dame de Grace had this to say:

> Under the British system, which is the one we follow in Canada, such cabinet tyranny can be cloaked in many ways. It will depend largely on the cleverness of the party in power in dissimulating its intentions and misleading the public as to whether or not the people generally realize the dangerous course their government may be following. When you have a government—

I am quoting, sir.

> —that has the political morality of an alley cat and the lust for power of a Genghis Khan, it behooves those of us—and that includes all of us Conservatives on this side—who hold democracy precious to be on guard for all the people.

Now, Mr. Speaker—

Some hon. Members: Louder.

Mr. Winch: —I have tried to review not only the debates that took place in the house when the standing orders were revised in 1955 but also within the limits of time and to the best of my ability to review the statements as found in *Hansard* of such eminent men when in opposition as the former leader of the Conservative party, Mr. Drew, the present Prime Minister, the Minister of Finance, the Minister of Justice and the Postmaster General to indicate how they felt when the then Liberal government endeavoured to take away any of the rights of minority parties under the standing orders or the rights of private members as related to the powers of the cabinet. In all my studies, Mr. Speaker, I have found that when on this side of the house members of the Conservative party were the champions of the maintenance of the rights of parliament, the rights of minority parties and the rights of private members.

Some hon. Members: Hear, hear.

Mr. Winch: I think I have been quite honest in the quotations I have made, and I should like to ask those on the government side who applaud the stand the Conservative party took when in opposition how they, with their terrific majority, can support the introduction of a motion which will take away certain rights and certain days provided for private members under the revised standing orders of the house. There is also a second part to the motion, but I am not going to go into any detail at the moment.

An hon. Member: Hurrah!

Mr. Winch: Well, if you get funny and challenge me I will.

Some hon. Members: Oh, oh.

Mr. Winch: I refer to the stand taken by the Conservative opposition with regard to the difficulties of trying to do two jobs at one time, and the fact that the work of parliament should not be hastened.

I can remember, sir, and I know you can too, those speeches made on this side by Conservatives to the effect that our responsibilities did not have any time limit, and if we made laws they should have the proper consideration given to them.

Now, sir, I try to keep very closely to the record. I ask hon. members to consider what we have given them from the record. We ask also that the government give consideration to the withdrawal of the motion. But just in case they do not I should like to move an amendment. We will work extra hours if we have to, but we cannot go any further with the removal of the rights of parliament. I move, therefore, seconded by the hon. member for Burnaby-Coquitlam (Mr. Regier):

> That all the words beginning with "That notwithstanding" and ending with "as for Monday (government day), and" be struck out.

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, some weeks ago I had the privilege of following the same two hon. members who have spoken today in a similar debate. At that time I endeavoured to point out to the Leader of the Opposition—there was no need to point it out to the hon. member for Vancouver East—that one of the great assets to being effective in opposition was to have something to whine about. Now, a few weeks later, we find that he has not learned that lesson.

As for the hon. member for Vancouver East, I have heard him make many dramatic and melodramatic speeches, but never more so than the one today, and never did he have less about which to be dramatic. If he used this same force and this same flow of words in support of a worthy cause he might get somewhere. But listening to him today, with all this torrent of words and all these quotations which had to do with an entirely different type of motion, one realized how little he needs protection in so far as the right to

speak in the House of Commons is concerned. Certainly no member, whether he be a member on the government side or a private member in either of the opposition parties, has so little to complain about in so far as taking the time of the house is concerned. I have no doubt that whether the house lasts for another three weeks, as we hope, or for another three months, the hon. member for Vancouver East will have his full share and more of the time that is spent in debate.

Mr. Winch: Not on bills and resolutions, if this motion goes through; no.

Mr. Green: The amendment he has moved sets out so clearly just what the real feeling is across the way today. The last thing the members of either one of these parties across the way desire is to have the wishes they have expressed verbally carried out. They are more anxious than we are to get out of this house.

Some hon. Members: Don't look at us.

Mr. Green: Some of those people who are shouting at me now have already told me that privately.

Mr. Pickersgill: Would the minister permit a question?

Mr. Green: Yes.

Mr. Pickersgill: Will the minister tell us what he has been told privately by his own backbenchers?

Mr. Green: The hon. member for Bonavista-Twillingate (Mr. Pickersgill) wants to get down to Newfoundland and sail his boat.

Mr. Pickersgill: Unhappily, the minister is out of date.

Mr. Green: He has been wishing to get down there for weeks. The hon. member for Laurier (Mr. Chevrier) wants to go back to Montreal to get started in his law practice. The Leader of the Opposition wants to get across the country mending fences, and that is a real job. The hon. member for Essex East (Mr. Martin) wants to go to the Middle East and settle all the trouble there. I could go on—

Mr. Winch: After listening to all this, you cannot say that.

Mr. Green: Oh, sit down; you had your say. I could go on with member after member in the Liberal party and the C.C.F. party.

Mr. Pickersgill: You have not answered my question.

Mr. Green: Your question was not worth answering, like most of the questions you ask.

Mr. Pickersgill: Does the minister mean to say they have such an effective gag that the backbenchers do not even dare say what they feel?

Mr. Green: I do not know of anybody in the house who would benefit more from a gag than the hon. member for Bonavista-Twillingate. It would increase his prestige immensely and at once.

Just look at the stand taken by these two parties, and this phony appeal they are making today. The Leader of the Opposition says, "Oh, it is quite all right to make further Mondays in this session government days; we have no objection." He is not worried about the rights of parliament or the rights of private members or the rights of anyone else when he is discussing the first part of this motion which is before the house today. He is objecting to sitting in the morning. The Liberals do not want to sit in the morning. Then we get over to the upper corner of the house—

Mr. Argue: We are opposed to both.

Mr. Green: They do not object to sitting mornings.

Mr. Argue: Oh, yes, we do; we do not like any part of it.

Mr. Green: Well, why did you move this amendment?

Mr. Argue: We will explain that.

Mr. Green: This is going to take quite a lot of explaining.

Mr. Argue: Oh, no.

Mr. Green: The hon. member for Vancouver East moves an amendment to delete only part of the motion which provides that further Mondays from now on will be devoted—

Mr. Winch: This debate is not over yet.

Mr. Green: —to government days. One group does not want to sit in the morning, and the other one wants to have a chance to deal with private members' motions. The hon. member for Vancouver East made several statements about these private members' Mondays which were not accurate and which really shake the whole foundation of his argument. He said that if you took away these private members' Mondays, the private members would have no more rights; they could not bring in bills; they could not bring in motions, and he left the inference they would not even be able to talk.

Mr. Winch: I did not.

Mr. Green: What are they fighting against? Private members' rights to bring in bills will not be interfered with in any way if this motion is carried.

Mr. Winch: I did not say that.

Mr. Green: Wait a minute; give me a chance. Private members still have the hour on Tuesday and Friday.

The only business which could be dealt with on a Monday if that day were to remain available to private members would be "Notices of Motions"—

Mr. Winch: That is what I said; that is all day.

Mr. Green: —which appear on page 15 of today's order paper. As the hon. member knows, there are a number of these notices of motions on the order paper. That is the case in every session. Many of them are put there originally with the intention that they will get a little bit of publicity, but the members who put them there know very well that there will never be a debate on them.

Mr. Winch: Not ours; ours are for debate.

Mr. Green: Already there have been five days devoted to private members' notices of motions in this session which has not yet lasted three months, and that has not been doing too badly. All that could have been discussed if these three remaining private members' Mondays had been made available would be the first three notices of motions now standing on the order paper at page 15.

Mr. Pickersgill: Oh, no.

Mr. Green: These motions can be discussed by the members when the estimates are up for consideration. For example, the first motion has to do with shipping Canadian goods through Canadian ports. There could be wide open discussion on that subject by the hon. member for Halifax (Mr. Morris) if he wishes to discuss it when the estimates of the Department of Transport are before the house. The second one has to do with aid for education. That matter can be discussed when the estimates of the Department of Finance are under consideration, and I have not the slightest doubt that it will be discussed at that time and at great length.

Mr. Pearson: That is right.

Mr. Green: The third one has to do with setting up a system of credit facilities for agriculture and for fisheries. I believe that matter has already been discussed during the debate on the estimates of the Department of Agriculture, and it can be discussed further when the estimates of the Department of Fisheries are before the house. Those are the only three resolutions which could come up even if there were three more private members' Mondays. When the hon. member for Vancouver East tries to make out that the government is riding roughshod over the rights of parliament and the rights of private members by the motion brought in today, he is just talking a lot of nonsense. The very fact that the Leader of the Opposition agrees that this is a reasonable course to follow I suggest makes the argument of the hon. member for Vancouver East look very weak.

Mr. Winch: Because they have not any resolutions; we have.

Mr. Green: Then as to the morning sittings, may I say this. I am heartbroken about one statement made by the Leader of the Opposition. He said that the house leader was not giving him and the other members of the Liberal party reasonable notice of the business that was to come up in the house.

Mr. Pearson: Hear, hear.

Mr. Pickersgill: Hear, hear.

Mr. Green: I hear them saying "hear, hear" to that statement, Mr. Speaker, particularly the hon. member for Bonavista-Twillingate. May I say that I have told him secrets all through the session. He has had more inside information than anybody else in the house.

Mr. Pickersgill: The minister had better be careful about what he is saying.

Mr. Green: Why the hon. member should be shouting "hear, hear" today is more than I can say, except that he has acquired the habit. We have tried to give the opposition parties advance notice of the business that is to be brought before the house. I think in his heart each member across the way knows that is what we have been doing. I was the house leader for the official opposition for some years while Hon. Mr. Harris was the government house leader. We got along splendidly, just as do the hon. member for Laurier (Mr. Chevrier) and I.

Mr. Chevrier: Wait and see. Don't speak too soon.

Mr. Green: If the hon. member has the nerve to rise in his place and accuse me of not letting him know what the business is to be, then I can say in advance that he will be talking through his hat.

Mr. Winch: Read some of your own speeches that you made when you were over here on this side.

Mr. Green: The hon. member did not quote my own speech. I do not think he has one.

The Leader of the Opposition has commented on the fact that committees are still sitting. He will agree, I am sure, that most of the committees have already reported. I do not believe that better committee work has ever been done than that which has been done in the present session. We took a new course. We have referred the estimates of nine different departments to standing committees of the house. This is something that has never been done before. I do not believe there have ever previously been more than four or five departments whose estimates have been referred to committees. From my observation the members of the house serving on those committees, no matter to what party they belong, have done a splendid job. I believe this has been one of the finest accomplishments of the present session. It has been done in spite of the fact that a large proportion of the members of the house have had very little experience in parliamentary affairs.

It will be noted that we are not interfering with the committees during the whole of this week. The proposal is that the house start to sit on Monday, Tuesday, Wednesday and Thursday mornings next week, not this week. By that time all the committees will have reported, perhaps, with the exception of the public accounts committee and a special committee which will have to be set up to consider broadcasting legislation and possibly the committee on external affairs, although they have already had several sittings and I am hoping that they will be able to get their report in before the end of the week. We have very carefully deferred calling morning sittings until the work of the committees would be practically completed.

I do not believe there can be much real complaint about that course. Hon. members will notice further that we are not asking for a sitting on Wednesday evening. That time would be free even should this motion carry. I am sure I am expressing the belief of the majority of the members of each of the three parties in this house when I say the responsibility of this House of Commons now is to get the business of the session concluded just as quickly as possible, thereby letting the members get back to their constituencies.

This is not a regular type of session, as I pointed out on another occasion.

Mr. Pickersgill: Hear, hear.

Mr. Green: Oh, I do not suppose we shall ever have a regular type of session as long as the hon. member is here. We hope to get the House of Commons back on a basis where a session can be called early in the new year and can deal with the business for that year before July 1. I see no reason why that could not be done in 1959.

I am hoping in spite of this debate today, which I know is not a debate from the heart so far as those across the way are concerned and, as the Minister of Finance (Mr. Fleming) has just said, neither is it a debate from the head—he said that, I would not have said it—that we can get down to business this week and finish everything off within the next three weeks. That would give members the opportunity to get home a week or ten days before—

An hon. Member: Before the snow flies.

Mr. Green: —before the first of September. And I think it would be in the interests of every member and of the country as a whole if this were to be the result.

Some hon. Members: Hear, hear.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, the leader of the house was quite wrong when he said a while ago that he did not think I would rise to protest the motion which has been made by the government as set out in the notice of motion now before the house. I am not rising to protest against the first part of the motion but certainly against the second part and to give my reasons for so doing.

The first part of the motion has to do with the amendment of standing order 15(3), and the house leader has indicated why he thinks there would be no objection to that. I believe I gave the house leader the reason for that decision on an earlier occasion; but my purpose in rising now is to protest—and to protest as vigorously as I can—that it is unconscionable, in my opinion, to begin sitting during the mornings, afternoons and evenings when the house has not before it a detailed plan of what the business is going to be from now until the end of the session. Are we going to sit for three weeks or six weeks under these conditions.

I think before this motion is passed we are entitled to know what the business is going to be. I am surprised that the house leader would refer to some of the private conversations which have taken place between us but, since he has done so it gives me an opportunity to refer to one of those conversations. Some time ago I said to the house leader, "What is the legislation which now remains to be dealt with before the end of the session", and without divulging his reply in detail he said there is this item

and there is that item; in other words, two items. I jotted them down, but a little later on he came back and said "I forgot; there are two more" and I jotted those two down. Still later he came over to my desk and said, "Oh, I forgot another one." That makes five.

What, then, is the position? I think it will be agreed that, when the hon. members who are sitting on the other side of this house now sat on this side and asked the then leader of the government what the business of the house was under circumstances such as these, the then government leader put the business on the record in *Hansard,* so that we knew what it was. It is one thing to say "Everything that is in the speech from the throne" is the remaining business; and quite another to detail what that legislation is to be.

As I say, I think before we are asked to approve this motion we should be told item by item, what the motions and these bills are to be, and we should not be told in a general way, such as we have been told by the Prime Minister when he was asked this question by the Leader of the Opposition, that "it is everything contained in the speech from the throne". We are entitled to greater detail than we have been given.

The leader of the house began by stating that we on this side of the house had nothing to say, that we were whining. I do not know of any greater whiner than the leader of the house, particularly when he sat on this side of the house.

Mr. Green: Oh, but it was good whining.

Mr. Chevrier: I will not do him the discourtesy of referring to what a former colleague of mine ascribed to him, because while I think the words fitted him accurately it would none the less depart from the general spirit of this debate to do so. I will however refer to something else, because the house leader has said as part of his great oration that the hon. member for Bonavista-Twillingate wanted to get back to his ship. He does not have a ship; he has lost it.

Mr. Fleming (Eglinton): That is not all he has lost.

Mr. Chevrier: He has also said the hon. member for Essex East wants to go to the Middle East. I do not know whether or not that is true, but I do know one thing; if he did go there he would do an excellent job.

Some hon. Members: Hear, hear.

Mr. Chevrier: He as also said the hon. member for Laurier wants to get back to his law practice.

[Mr. Chevrier.]

Mr. Stinson: That would be a good idea.

Mr. Chevrier: I shall not comment on that other than to say that one of the friends of the house leader told me one day "You know this man Green does not want to get out to his constituency at all. He likes the house so much he wants to sit here morning, afternoon and evening. There is nothing he loves better than the House of Commons. Why should he go back to his constituency?" I am beginning to realize now that this friend of his was quite correct when he made that statement, but let me tell the leader of the house that we on this side of the house are prepared to stay here as long as it is necessary to do the business of the house.

Some hon. Members: Hear, hear.

Mr. Chevrier: Furthermore, much as I would like to get back to my practice which I have not looked after now for many, many months, I do not wish to do so until the business of the house has been terminated. Let me further tell the leader of the house that if we knew that from now until the end of the session we would have certain definite pieces of legislation to face and exactly what was going to be brought down, then I think it would make our position much easier and much clearer with reference to this motion.

This we have not been told. Our position the other day with reference to the first morning sittings was entirely different from our position today, because we then saw that the end of the session was in the offing. Now that we are getting nearer to the end of the session, surely we should be told what is the business of the house. That is why we on this side of the house protest the second aspect of this resolution and will continue to do so until we know the business of the house.

Furthermore the leader of the house said something about the work of the committees. I am not in a position to know what is the progress of that work. The house leader has not told us. All he did was make a sweeping statement that the work was proceeding well, but I do not know that I can agree with him.

Mr. Green: Most of them have reported.

Mr. Chevrier: I do not think I can agree with the statement he has made that this new idea is working out so well. As a matter of fact I do not think it is, and I may say that I hope he will not repeat the mistake which I respectfully suggest was made in submitting the estimates to the committees. I do not want to go into the details of what happens in some of those committees, but

I do not think they are doing efficient work. I think if the estimates had remained in the house and if ministers had been here to reply, rather than having their officers reply in their stead in committee it would have been much more efficient, and I believe the work of the house would have proceeded much faster.

The house leader has said that he has taken us into his confidence and repeatedly told us what the business would be. Yes, he has, for one or two or sometimes three days, but I cannot remember—and in this I may be mistaken—one occasion during this session when he has given us notice of what was going to take place for one week in advance. That was something which often was done by the former minister of finance—

Some hon. Members: Oh, no.

Mr. Pickersgill: Over and over again.

Mr. Chevrier: I say without fear of contradiction that when I sat on the other side of the house the previous minister of finance repeatedly gave the business of the house for a full week in advance. We are now being denied knowledge of what the business will be from now until the end of the session. We are told for one day and two days and we are often told, as the house leader has said, to use his own words "I will give you notice for Monday and Tuesday, but I do not know what it is going to be on Wednesday". It is difficult enough for a group such as we are in the opposition to get ready for the business with a week's notice in advance. How much more difficult is it going to be when we have only one or two days' notice?

I conclude by saying that before this motion passes the house is entitled to far more information on the business that lies ahead of us from now until the end of the session than it has received up to the present time; and until it gets that information I submit, as others have stated, that this motion should be withdrawn.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I feel that this motion is wrong in two aspects. If it is passed it will wipe out three private members' Mondays, and will also call for morning sittings every day. We have been asked today whether or not the arrangements for the various committees of this house are working well. There have been slated for this afternoon meetings of the committee on external affairs and the committee on agriculture, while the house is meeting. As long as the government has a great many committees meeting while the house is sitting I submit it is impossible for hon. members to do an efficient job in the committees as well as in the house. The practice now being suggested makes a farce not only of the committees but also of parliament itself.

I listened with a great deal of interest to the speech by the Minister of Public Works, who is a most entertaining speaker. If the Prime Minister has an understudy in terms of his particular method of speaking, an understudy who has learned his part well, it is the Minister of Public Works. By making use of his excellent sense of humour and by displaying his wide smile when he is really putting it to you, the Minister of Public Works is apparently able to argue effectively on both sides of the question.

When he started to roast the members of the official opposition he said, "Ah, I know why you are in favour of the first part of the motion. The hon. member for Bonavista-Twillingate wants to go sailing a boat, the hon. member for Laurier wants to go back to his law practice and the hon. member for Essex East wants to go over to the Middle East"—for the hon. member for Essex East to be going to the Middle East seems strangely fitting—"and the Leader of the Opposition wants to go on a political tour that is very much needed." The Minister of Public Works was making extremely important points in his humorous fashion.

When he came to the other part of the matter and explained why the government was doing this, what did he say? He said it is the responsibility of the government to get the session concluded as quickly as possible so that hon. members could get back to their constituencies.

Mr. Green: Mr. Speaker, may I point out that I said it was the responsibility of the members.

Mr. Argue: That is not the way I took it. The minister may feel it is the responsibility of the members, but here we have a motion which has been introduced by the Prime Minister and which has been spoken to by the house leader. The motion bears the stamp of approval of the government, and its purpose as explained by none other than the Minister of Public Works is to enable hon. members to get back to their constituencies, and to help the four hon. gentlemen in the Liberal party to whom he referred with such humour to do the very things he was scolding them for wanting to do.

Mr. Green: You want to get back too, do you not?

Mr. Argue: Mr. Speaker, my first interest here, as I believe is the first interest of all hon. members of the C.C.F. group, is to see that we do our part in promoting

legislation which we believe is in the best interests of the ordinary people in this country—

Mr. Pallett: The C.C.F. members are great promoters, all right.

Mr. Argue: —and in conducting the affairs of this house efficiently and in accordance with the rules. In order to efficiently conduct the affairs of the nation in this house it is not necessary that we put on a steamroller in order to wind up the session within two or three weeks. No less an authority than a former speaker of this house who has already been quoted said, as reported in the *Journals* of this house for December 1947, that a two-month session if it is mismanaged is more wasteful of time than a six-month session during which no time has been lost.

Mr. Martin (Essex East): Who said that? Was that the Minister of Public Works?

Mr. Argue: No; Mr. Speaker Fauteux, who was the speaker of this house at that time.

I was exceedingly disappointed in the official statement made by the Leader of the Opposition to the effect that his party would not object to that part of the motion which would eliminate the three private members' Mondays. The right of private hon. members to present motions under the heading of notices of motion and to expect a substantial number of these motions to come up during the course of a session is a tradition of long standing in this house. This is the first session in my memory when it has apparently been the official position of the government to talk out all private members' motions. We might be able to deal with more than three motions before the session concluded if the house leader did not take the attitude he took this afternoon, that only three motions could be dealt with on three further private members' Mondays.

Although this government has the greatest majority that any government in the history of this country has had it is apparently more terrified than were governments in the past of having motions or bills introduced by private members brought to a vote. No matter what the motion may be, no matter how innocuous its wording may be, no matter if it comes from a government supporter, the official position of this government is to put on one Conservative speaker after another to talk out the motions. That is the situation no matter how government members may attempt to paint it.

The greatest folly of all is that the government by this device is seeking to take away from the House of Commons the right of private hon. members to three private members' Mondays, a right which is embodied in the rules of this house. I was amazed and disappointed at the argument advanced by the Minister of Justice to the effect that the government is not taking so much away because this does not represent a revision of the rules. It is certainly to be hoped that this is neither a revision of the rules nor a precedent, because hon. members of the government as well as many hon. members of the Liberal party in this house know that over the years there have often been more than six private members' Mondays or two private members' Thursdays, and that the rule in the rule book today was placed there because it was the recommendation of a committee of this house representative of all parties, which met in 1955. By agreement and unanimous vote the committee decided that it would be better to provide for a fixed number of private members' Mondays than to leave it to chance.

What is the government attempting to do? The government is introducing a motion to take away the right of hon. members of this house to three further private members' Mondays. This motion interferes with an important right of private members. Something the government should avoid like the plague is any suggestion that the cabinet is dictating the rules of procedure and the rights of this house. The motion before us this afternoon is more than a motion standing in the name of the Prime Minister. This motion is the result of a cold, calculated decision on the part of the cabinet to eliminate three private members' Mondays.

I say to the Minister of Public Works (Mr. Green) and to the members of the government that standing order 15 has become the plaything of the cabinet; that the whole rule book and our whole procedure in this house are in jeopardy.

I had thought the Minister of Public Works, when he made the strong statement which he made when in opposition, would carry those beliefs into the cabinet, but apparently they were to be just statements from the sounding board of the opposition, and once the party has landed in the seats of the mighty then the means by which they obtained power cease to have little concern, because the Minister of Public Works is doing now precisely what he condemned for so many years. I think it goes even farther than that.

I think the minister indicated this afternoon that he does not know exactly what is in the rule book because he said that as far as this is concerned all it will do is wipe out three private members' notices of motions. Well, of course, that is not all it does because

the fourth, fifth and sixth Mondays are different from the first, second and third Mondays. They are different in this respect. In addition to the notices of motions for the production of papers on the fourth, fifth and sixth Mondays, private bills are next in the order of precedence. Therefore, the government is not, as the minister says, merely taking away the motions of three private members.

Mr. Green: On a point of order, may I point out these are not bills introduced by private members; these are such things as charters to private companies, as the hon. member well knows. A private member cannot bring in a public bill under that provision.

Mr. Argue: The minister said that this was the only thing that was being affected by these rules. He said all that was being affected were the motions of three members. Of course, the motions of private members and private bills are different; but "B" of the standing order states that for the fourth, fifth and sixth Mondays there shall be private bills in advance of notices of motions. Therefore, what the Minister of Public Works is doing is taking away those three days for private bills, for such things as pipe line bills or extension of charters for church organizations or insurance organizations.

Mr. Green: You are not worrying very much about that, are you?

Mr. Argue: I am not worrying about a lot of the pipe line bills, although the minister may be worrying about them; I do not know. I am just suggesting the minister was not nearly as careful as he should have been in the language he used when he introduced this motion when he said that all it did was to take away the motions of three private members. He has taken away the possibility of three full days' debate on the Trans Mountain pipe line bill. I am not opposed to that bill being defeated but even if I am opposed to the measure passing this house, the rules of the house should be maintained. If in the maintenance of the rules a private bill passes this house to which I am opposed, then that is the way it should be. I do not think we should have any back-door methods or any shortcuts by either blocking the things which we are opposed to or taking away private members days.

When the Minister of Public Works sat in another position on this side of the house he said this on March 23, 1954, as reported on page 3216 of *Hansard*:

> The Progressive Conservative party stands for the supremacy of parliament. That has been one of our fundamental beliefs down through the years. We believe in parliament being supreme rather than the cabinet, and we believe that only in that way can we have a free parliament in Canada.

Mr. Green: We still do.

Mr. Argue: The Minister of Public Works speaks of parliament being free but this motion was presented to parliament following a cabinet meeting. Is that the way to keep parliament free, to destroy the rule book, to destroy our standing orders, because the cabinet has decided that the first responsibility of members should be to get back to their constituencies. I think that is an untenable position; I think the government is making a grave mistake in presenting this motion at this time.

In spite of the statement which was made hurriedly by the Leader of the Official Opposition (Mr. Pearson), I suggest that the official opposition will be sorry indeed in the days that lie ahead if on this day they share with the government the responsibility of taking away some of the fundamental rights of this parliament as incorporated in the motion of the Prime Minister brought in at this time. The only position for any opposition group to take is to say that the rule book by which members' rights are guaranteed shall not be tampered with except by agreement, except by unanimous consent. But when any party or any members object there should be no motion of the cabinet to turn on the party whips and force such a motion through the House of Commons.

The Prime Minister has been most eloquent in his stand in opposing closure, and I agree with him. I think a motion to abolish closure is one that should be put through this house and become part of our rules; but if it were possible to apply a closure motion to a private member's notice of motion it would not kill the motion, it would not destroy it; it would merely say that at one o'clock in the morning following the day of debate the vote shall be taken. But this motion which is now before us places private members' motions in a much inferior position. Closure is not being applied which limits debate and brings on a vote. This kind of closure is an eradication of the debate; it is a removal of the notice of motion on the order paper.

In an important publication entitled "Parliament and the People", issued by the Progressive Conservative party national headquarters, 141 Laurier avenue west, Ottawa, Ontario, the following quotation is found on page 9. It is entitled "No Pipe Dream" and reads as follows:

> I have seen the progressive restriction of the supremacy of parliament in the last 10 years. I have seen parliament bludgeoned, and I say that is no pipe dream. Bludgeoned by a majority. I have seen the hands of the cabinet directing members and disciplining them into an abject servility.

That is the Prime Minister. I ask him to take off the party whip, to remove from the motion that part of it which eradicates three private members' Mondays, and therefore helps destroy the very foundation of the House of Commons, namely our rules and procedures.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I want to take only two or three minutes to deal with one aspect of this problem which has not been mentioned to date. I might say briefly that after listening to the Minister of Public Works this afternoon I think he has become quite skilled in the use of the axe, the shovel and the rake. No wonder he is Minister of Public Works.

Other members of this group have dealt with the constitutional, the procedural and the legal aspects of the loss of the rights of parliament in this motion doing away with private members' days. They have all done very well indeed and I am not going to repeat what they had to say, but I do want to say that as far as my experience in this house is concerned over a period of 13 years it seems to me that the parliament of Canada has been in existence for 91 years and to date has failed to organize its business and its work in a logical and satisfactory manner.

With respect to the hours, I want to make two points. The lengthened hours of the sitting of this house make it impossible for members to attend to their duties properly, to give satisfactory attention to legislation on the order paper, legislation that may come forward or to the estimates. I think this argument is of double force, Mr. Speaker, in view of the fact that at the present time we still have a number of committees sitting and one or two of those committees are sitting two or three times a day while the house is sitting.

But I rise, particularly, Mr. Speaker, to say that those lengthened hours over a long number of weeks are particularly unfair to the staff of the House of Commons.

The disorganized manner in which our business is being handled means that the staff of the House of Commons have had their holidays completely disorganized. Many of them are without the opportunity to enjoy summer holidays with their children during the months when their children are on holiday from school. Other members of the staff are required to put in unnecessarily long and unfair hours, but before resuming my speech I want to mention particularly the strain that these very long days impose on the *Hansard* reporters. We all know that repeatedly they are required to stay here until after midnight preparing the typescript so that *Hansard* can be published the next day. In addition, it is very unfair to what I term our *Hansard* angels, the ladies who type for the *Hansard* reporters. These young ladies find it a very difficult time because of the lengthening of the hours over a long period. I do think that in future sessions we must consider the welfare of the staff of the House of Commons. Finally, I hope that the situation that exists today and the debate we are having will result in better organization of the business of the House of Commons in the future.

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, I want to assure the house that I too will only be a limited number of minutes. However, I think this is a vital matter. The last time a motion extending the hours of sitting was presented I think the reason was possibly understandable. However, the present motion invades the rights of private members with respect to notices of motions and I feel that the opposition would be failing in its responsibility if it did not sound a warning.

The Minister of Public Works (Mr. Green) claims that he knows the wishes of the opposition members and that those wishes are identical with the wishes of other members, that opposition members also would like to reach an early end to this session. If such is the case I must ask the Minister of Public Works why he did not consult with the opposition before the government made the decision it obviously has made.

Mr. Martin (Essex East): I think that was done.

Mr. Regier: No, it was not. The opposition was advised of the decision of the cabinet. The opposition was not consulted before the cabinet made its decision. If there must be amendments to our standing orders I feel that there should be rather wide consultation because they are very important rules in our parliamentary institution. There should be such consultation before the cabinet makes up its mind and not consultation afterwards.

I was also very alarmed by the statement of the minister, which I hope was made inadvertently, that at the most three resolutions would be dealt with. If he meant what he said it indicates that the government has made up its mind that it is going to use the weight of a political party in the determination of what is to happen to private members' motions. I cannot fail but be alarmed when I see in country after country, even in Canada, the growth of power of political machines. I think we should watch that very carefully. I know that the Conservative party is not alone in having such a fault. I think

[Mr. Argue.]

it obtains in all political parties in Canada. A belief is developing that the party in power and the party machine and organization must have their way and in my opinion that is regrettable regardless of where we find it. The minister's statement that we could take only three resolutions in three days is an indication that the government is also afflicted with the power of the party concept.

The minister made a considerable point of the fact that we can discuss these problems when the estimates are dealt with. With reference to federal aid for education he said that he did not doubt at all that we would be taking a good deal of the time when discussing the estimates of the Minister of Finance (Mr. Fleming) to discuss federal aid for education. If the minister is sincere in his contention that all these subjects can be amply aired on the estimates, then I must ask the minister why we need this motion at all because it is obvious that the number of motions we will be able to deal with will be limited by the mere fact that only three more Mondays are available. Yet if the minister is inviting members of the house to speak on the subject matters of all the various motions when considering estimates I can assure the minister that he will lose far more than the three days he is now hoping to gain. Surely if he says to members of the house that the government is going to take away three days but members can spend all the time they like on the estimates he is not arguing very successfully for any progress in the direction that it is indicated is desirable.

I should like to point out to the house that the subject matters of these motions are important indeed. The government introduces its ideas in the speech from the throne and other members of the House of Commons should have a chance to air their views. I have looked over the list of notices of motion and most of them deal with very vital matters that need airing. Federal aid for education is only one. Others include pensions, the difficulties of the textile industry, the need for further amendments to the Unemployment Insurance Act, human rights, conservation of our natural resources, highways, the marketing of coal, a coast guard service, industrial decentralization, the elections act, the dumping of foreign agricultural products on our markets, Canada's one hundredth birthday, a municipal loan fund, lotteries and the employment of men over the age of 45.

Finally, I must remind the house that this year the house sat for the first month, January, and then reconvened in the middle of May. If the minister's wish is realized it will end about the middle of August. This adds up to a total of four months. This urgent need to complete the business of parliament and get home is not going to be looked upon very kindly by the people of Canada when they realize that we were at our job in parliament for only four months of the whole year while still collecting our pay for 12 months. I can quite understand that when the house begins to sit in the first month of the year, members then work for seven or eight months and the end of July is passed and we reach the middle of August, as has happened before, members should feel that they should end the session and go home for a while to consult with their people. However, when we have only spent four months here and there are so many urgent matters needing the attention of parliament as indicated in these notices of motion, then I feel that we are neglecting our duties.

Mr. Speakman: Would the hon. member for Skeena permit a question?

Mr. Howard: I will permit any question you like except that I have not said anything yet.

Mr. Speaker: Is the house ready for the question? The hon. member for Timmins.

Mr. M. W. Martin (Timmins): Mr. Speaker, most of the matters I intended to deal with have already been covered and as a result I am going to make my remarks very brief. However, there were two points raised in the remarks of the Minister of Public Works (Mr. Green) and also intimated in the remarks and interjections of the Minister of Justice (Mr. Fulton) that I believe give rise to some cause for concern.

Those remarks were to the effect that the matter raised today is not exactly similar and so does not fit in with their remarks when they were in opposition. Are we to believe from that, Mr. Speaker, that they were only interested in the rights of parliament as they pertain to a certain subject? Does their belief in the rights of parliament cover the whole field? If would seem that is the only assumption we can draw from the remarks of the minister today.

I noticed also that the minister, first of all, made remarks to the effect that the Liberals were apparently no more interested in the rights of parliament now than when they sat on the other side of the house. However, in the next breath he said that this resolution must be all right because the Liberals supported it. This is a contradiction of views which I find it difficult to understand. It appears that the major reason for this resolution today is that it is not convenient to carry on with the rules as they apply to private members' days for the balance of this session. Perhaps members on the government side will

be horrified at being compared with the gentleman named in this press clipping, but I should like them to stop and think for one moment about how big a step they are taking along the road outlined in this clipping by the present resolution. This press clipping is from Lisbon and reads:

> Portuguese dictator Dr. Antonio de Oliveria Salazar in a recent televised speech here said that "it is not convenient to have an opposition party."

I will grant you that no member on the government side has suggested or even contemplated that it is not convenient to have an opposition party now. However, I maintain, Mr. Speaker, that we have taken the first little step along that road when we say it is not convenient to have private members' days during the balance of this session.

The house divided on the amendment (Mr. Winch) which was negatived on the following division:

YEAS

Messrs:

Argue
Herridge
Howard
Martin (Timmins)
Peters
Regier
Winch—7.

NAYS

Messrs:

Aiken
Anderson
Badanai
Baldwin
Baskin
Beech
Bell (Saint John-Albert)
Belzile
Bigg
Bissonnette
Bourbonnais
Bourdages
Bourget
Brassard (Chicoutimi)
Brooks
Browne (St.John's West)
Browne (Vancouver-Kingsway)
Brunsden
Cadieu
Campbell (Lambton-Kent)
Caron
Chambers
Charlton
Chevrier
Chown
Churchill
Coates
Cooper
Courtemanche
Crestohl
Danforth
Deschatelets
Diefenbaker
Dinsdale
Dorion
Drysdale
Dubois
Dumas
Fairclough, Mrs.
Fairfield
Fane
Fleming (Eglinton)
Fleming (Okanagan-Revelstoke)
Flynn
Forbes
Fraser
Frechette
Fulton
Godin
Gour
Grafftey
Granger
Green
Grenier
Gundlock
Habel
Hales
Halpenny
Hamilton (Notre Dame de Grace)
Hamilton (Qu'Appelle)
Hamilton (York West)
Hanbidge
Harkness
Hees
Hicks
Hodgson
Horner (Acadia)
Horner (Jasper-Edson)
Houck
Jones
Jorgenson
Jung
Keays
Korchinski
Kucherepa
Lahaye
Lambert
LaRue
Latour
Legere
Lennard
Lockyer
Macdonald (Kings)
MacEwan
MacLean (Queens)
MacLellan
MacRae
McBain
McCleave
McFarlane
McGee
McGrath
McGregor
McIntosh
McLennan
McMillan
McPhillips
McQuillan
Mandziuk
Martin (Essex East)
Martini
Matthews
Meunier
Michaud
Milligan
Monteith (Perth)
Montgomery
Morissette
Morris
Muir (Cape Breton North and Victoria)
Muir (Lisgar)
Nasserden
Nielsen
Nixon
Noble
Nowlan
Nugent
O'Hurley
Ormiston
Pallett
Pascoe
Paul
Payne
Pearson
Phillips
Pickersgill
Pigeon
Pratt
Pugh
Rapp
Ratelle
Regnier
Ricard
Rogers
Rouleau
Rynard
Simpson
Skoreyko
Small
Smith (Calgary South)
Smith (Hastings-Frontenac)
Smith (Lincoln)
Smith (Simcoe North)
Smith (Winnipeg North)
Southam
Speakman
Spencer
Stanton
Stearns
Stinson
Tasse
Taylor
Thomas
Thrasher
Tucker
White
Woolliams
Wratten—158.

[Mr. Martin (Timmins).]

Hon. J. W. Pickersgill (Bonavista-Twillingate): I believe that if the Prime Minister (Mr. Diefenbaker) speaks he will close the debate and I would therefore like first to make two very brief observations. We voted against the amendment because, among other things, we felt that by voting for the amendment we would have been implying that we were in favour of the second part of the proposition which is that part of which we have an unalterable objection. It seemed to us, therefore, that we would have looked rather ridiculous to vote for the striking out of one half of the proposition leaving the other.

So far as the main proposition is concerned—the second paragraph of the motion—we continue to be thoroughly opposed to this at the present time. It may be that before the end of the session it will be appropriate to do as was done when we were in office at a point where it was really possible to see the end of the session, and that is to ask the house to sit on every morning of the week.

We do, however, have many items of major legislation, according to all the indications, which have to be introduced in this house; items of legislation which, if the government carries them out, certainly ought to go to the

committees to receive very careful consideration. That would mean that this session will continue four or five more weeks, at the very least, if we are to do our duty conscientiously. It would seem to me quite ridiculous, therefore, to ask the house at this very early date to do something which the previous administration did only at the very end of the session when virtually nothing remained to be dealt with but the estimates.

As the hon. member for Laurier (Mr. Chevrier) said, we do not even know what legislation the government intends to introduce and I hope the Prime Minister will, if he speaks, give the house a detailed account of that legislation. Unless the government is going to throw overboard practically its whole program, I still think it is far too early in the session to be asking us to undertake hours of this kind and I hope the Prime Minister will indicate to us what legislation is still forthcoming and that he will leave no doubt in our minds that this session will not be closed without the implementation of the report of the royal commission on the revision of the terms of union with Newfoundland.

Mr. Frank Howard (Skeena): Mr. Speaker, I have just one slight comment to make—

Some hon. Members: Oh, oh.

Mr. Howard: Listen to the applause. After listening to the hon. gentleman who has just spoken I have come to the conclusion that while he may not be learning very much from the Minister of Public Works (Mr. Green) with respect to whining—and there is no doubt that the minister is the greatest possible teacher we could have in that respect —he is certainly learning from the minister how to wiggle out of what might be an embarrassing situation—and again the Minister of Public Works is the greatest teacher we could have in that regard.

I merely want to say, however, that this is one more indication of a changed attitude. We do not have a Progressive Conservative party on the other side of the house, we have a party developing in this country which is changing from what it was to merely a party of defectors.

Mr. Pallett: A party of what?

Mr. Speaker: I must inform the house that if the Prime Minister speaks he will close the debate.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, this has been a most interesting debate, one that has revealed many intriguing facets of the beliefs of the parties opposite with respect to parliament and the manner in which parliament should discharge its responsibilities.

I am not going to go into a great deal of detail, but I would like to say that I would have placed before the house at the very beginning the entire legislative program but, before I was in a position to rise—and there is no criticism inherent in these words I am about to utter—the Leader of the Opposition (Mr. Pearson) rose and commenced his address.

I must say, however, that as I listened to the hon. gentlemen sitting to your immediate left—the members of the C.C.F. party and in particular as I listened to their authorities on the constitutional system of this country quoted by the hon. member for Vancouver East (Mr. Winch)—I thought how applicable were the words of the hon. member for Skeena (Mr. Howard) when he inferentially referred to inconsistency. I could not help but recall, while the hon. member for Vancouver East was enunciating those great principles of parliamentary government, a speech he made on November 10, 1943, in which he said when they get power they are going to "scrap the British North America Act".

Some hon. Members: Hear, hear.

Mr. Diefenbaker: And when it was suggested to him that he may have been misquoted, he made it very clear that he had not been misquoted. The hon. member for Burnaby-Coquitlam (Mr. Regier) spoke of the few days during which parliament had sat and how much there was to do. The reason why I rise to deal with that particular matter is that I do not want to allow the people of Canada to conclude that parliament has not been sitting very continuously since October 14 last, or that there has been any neglect of responsibility on the part of parliament. Even making due allowance for the election and the campaign of several months which intervened, of the 295 days since October 14, 1957, parliament has sat on 142 days. That answers the hon. gentleman who tried to leave the impression that parliament had but one concern, namely to go home, when as a matter of fact I doubt that there has been any period of 295 days, except during wartime, in which parliament has sat for 142 days.

It has been very interesting to listen to my hon. friends to your immediate left, Mr. Speaker, for they have endeavoured by constant repetition to delude the people of Canada into believing that they are in fact the true opposition because each and every one in that group speaks on each and every occasion and opportunity. I realize the difficulty of my hon. friends over there. They

speak of how difficult it is to attend the various committee meetings but certainly we cannot accept the responsibility for the diminution in the degree to which the representation in that quarter since March 31 does not permit membership on all the committees of the House of Commons.

I was so much surprised to hear the suggestion made that the committee system was not working out very well. The hon. member for Laurier (Mr. Chevrier) said that but whether he was going into the question with the same degree of care that he usually employs, I do not know. All I can say is this. In my experience—and while I did not come to this house as early as did the hon. member for Laurier—in the time I have been here I have never seen any group of parliamentarians apply themselves with a greater care and attention in the committees of parliament than I have seen this year. As a matter of fact, I speak as one who is not a very good committee man. Over the years I have more or less cast out on the efficacy of the committee system. However, others whose experience is wider as committee members than is my own were able to convince me that the committee system could indeed be incorporated into our system without borrowing anything from the constitutional position of the congress of the United States. I think the committee system has worked out very well.

My hon. friend said that if we had not had the committees on estimates we would have discussed these things in the house. I would point out that there has never been any delay here. There has never been a day on which parliament has not been in control of the order paper. There has always been legislation and there have always been the necessary estimates available from the very beginning of the session. When the Leader of the Opposition speaks about organizing parliament, all I can say is that if there has been any lack of organization it has not been on this side. We have had legislation available and ready for the house at all times. We have had the estimates available. It has been difficult I know in connection with the estimates to put into one session almost the complete estimates of two years but always there has been a legislative program. When the hon. member for Laurier said that in the past we used to know a week in advance what was coming, I can only comment that I do not think I was here in those days.

Mr. Chevrier: I was and I remember it quite well.

Mr. Diefenbaker: After all, all that anyone asks is that he knows reasonably well, within a matter of two or three days, the general program and that course and that objective have been the objective and course of this government. It has not been due in any way to indolence, a lack of diligence or a lack of placing the legislative program before parliament that in a period since October 14 we have sat in session 45 per cent of the actual sitting days.

I know there are changes that could be made in parliament. The hon. member for Vancouver East referred to a speech that I made in the House of Commons on July 12, 1955. That was when the special committee on procedure was before the house for discussion. We were dealing with the necessity of preserving under general rules the conduct of parliament in a proper way. I pointed out on that occasion, and I am not going to say today that I have changed my views in that connection, that it is difficult with desks before us to achieve that degree of perfection in debate, cogency in argument and lack of prolixity which is so necessary for effective debate. We are all guilty. I know that someone will say if I did not have a desk before me at this moment I should not be able to have these two books before me.

The fact remains that one of the major reasons the British parliament has been so effective is that there are no desks before the members of that house that permit of an extensiveness in extemporaneousness aided and abetted by manifold documents on a desk. They speak there after preparation. They have no space on an individual desk before them on which to lay voluminous notes or great volumes. When a speaker has to bend every now and then in order to remove books and papers from under the seat upon which he was sitting prior to his rising to take part in the debate he is less inclined to have copious reference to voluminous documents.

When my hon. friends to the left of the Speaker say that the rights of parliament are being interfered with because each and every one of them will not have the right to speak over and over again, may I invite them to take a look at the parliament at Westminster and realize the degree to which that parliament has a wide complexity of subjects with which to deal and also realize the fact that there in debate a number are chosen of those who will speak on the basis of the motion of the Speaker after discussion with the Whips and there is no unnecessary repetition or redundancy. There are no 40-minute speeches. And yet the gentlemen in that parliament in the course of a session get through a tremendous amount of legislative enactment and discussion.

If it is to discharge its responsibility parliament must be more than a place where repetitious utterance masquerades as wisdom. I

think there is a great deal to be said in favour of the suggestion of my hon. friend the Leader of the Opposition that we can do much to reorganize parliament to make it effective. There is much that all of us can do in this regard for if we really give our testimony truly not all of us are free from being offenders. We can make this house more effective not by extending to the point of view of having parliament sit throughout the entire year but in another way.

I believe that consideration might be given at the next session, after consultation, to adding to the changes that were made in 1955. On the basis of experience, without in any way interfering with the freedom of speech which must remain in parliament actually as theoretically, we might achieve an increased degree of efficiency through reorganization along the lines I have suggested to bring this parliament and the discussions of this parliament generally in consonance with the experience and practice of the mother of parliaments. There the voice of freedom has never been silent as a result of that political experience which is peculiarly that of the British and which ensures the maintenance of freedom through speech while at the same time preventing unnecessary repetition which can only lengthen the sessions of parliament without in any way contributing to the benefit of legislation.

I think some effective changes were made in 1955. I just look back at some of the remarks I made at that time. There was a time in the old House of Commons when members spoke for four or five hours. They did not by speaking at that length really add too much after the first 20 minutes to assist in the solution of problems. Some hon. members will recall that in 1912 a very famous member from the city of Montreal spoke for 11½ hours. Then he said, "Mr. Speaker, I am coming to the essence of what I want to place before this house." Those were the happy days. In 1885, at the time of the rebellion, great debates took place in the old House of Commons. As I recall it—and I am speaking entirely from recollection—the first four or five who spoke took no less than four hours each. That did not make parliament any more effective.

When the discussions took place at the time the rules were changed to provide for speeches of 40 minutes as a maximum for members other than those designated, there were many who said that this was a grave interference with the freedom of parliament. Again, a couple of years ago, when speeches in committee were reduced to 30 minutes, there were some who might have felt that the reduction would make some difference in the solution of our problems; but in the light of experience I do not think that has been found to be so.

When hon. members say that parliament has not had a chance to speak and that we have changed since we came over here I simply give this answer once more. There have been 295 days since October 14, and parliament has sat 142. When they say that it is really terrible, the loss of private members' days, I say that there have been five so far and there were private members' days last fall as well. Members of the opposition were perfectly willing at that time to reduce the number of private members' days. As I recall it, the hon. member for Laurier said that it was only late in the session that similar motions were made before. I have the record here. In 1956, morning sittings continued from July 16 to August 14, four weeks and two days. I think, generally, that has been approximately the time at which the adoption of morning sittings has been accepted by the house.

I have been asked to say something in regard to the program in general. I am not going to read over the list on the order paper, except to say that the items on the order paper will be taken up and, I hope, passed by the house. With regard to those matters that appear in the speech from the throne, in view of the degree to which there has been some controversy in northern Alberta as to the site of the railroad to Slave lake, we feel further consideration should be given to that and will not have that legislation in respect of the building of a railway before the house at this session.

What is the remainder of the record? There is the bill of rights, the bill to amend the broadcasting act, the legislation respecting agriculture in general and the South Saskatchewan dam, the bill to provide for the building of the Campobello and Maine bridge by sharing among the United States government, the province of New Brunswick and the government of Canada; the bill to amend the Customs Act in one detail referred to in the budget speech; and, of course, a bill respecting supply in 1957-58, in pursuance of the undertaking given by myself during the recent election campaign, as well as an amendment to the citizenship act.

Now, sir, good progress has been made—

Mr. Pickersgill: Will the Prime Minister permit a question?

Mr. Diefenbaker: Yes.

Mr. Pickersgill: Is the government not contemplating implementing the report of the royal commission?

Mr. Diefenbaker: I noticed by the manner in which the hon. gentleman interceded in the debate that that was a matter which greatly concerned him and I intended to come to that.

Mr. Pickersgill: I beg the Prime Minister's pardon.

Mr. Diefenbaker: No; I appreciate being asked the question because sometimes one forgets what one intends to do. In that connection I can say that consideration is being given to the matter and as yet there has not been that final decision which will enable me to give to the hon. gentleman the answer which will conclude the matter one way or another. I realize his interest in this and the interest of the people of Newfoundland. I can assure him that the fullest and most careful consideration will be given to the recommendations as well as to the question as to when this legislation should be brought before parliament.

As the Minister of Finance (Mr. Fleming) says, in addition to what I have referred to there will be further supplementary estimates. In view of the general recital and the fact that on past occasions there has been generally accepted by the house the necessity of morning sittings, I ask hon. gentlemen opposite to join with us in this. I do not want at any time even to appear to be trying to press the House of Commons. I realize, with the division that exists today, one could act arbitrarily. That is not the spirit in which I try to see parliament conducted. I want to see parliament effective, efficient; I want to see freedom maintained. Having regard to the experience of the past, I ask the members of Her Majesty's loyal opposition to join with us in supporting this motion. No one knows better than I do how tiring the onerous responsibilities of being a private member are, as one goes from a committee to the house and from the house to a committee and how, during the last few weeks of the session, that tired feeling comes over one, not dictated by a desire to get over the responsibilities that are ours, but simply resulting from the fact that there are no directed hours of service as a member of parliament.

We do not have any 10-hour days or 8-hour days or 12-hour days if we discharge our responsibilities. I realize how difficult it is for members to be able to do these things but I am saying, with regard to the experience of the past and the fact that the rights of parliament have been assured and maintained, that a record of 142 days out of 295 gives the answer to those who prate—

Mr. Winch: And this is a new parliament.

[Mr. Pickersgill.]

Mr. Diefenbaker: —of how they love the House of Commons and how the House of Commons is being denied rights. When the question of organization is raised by certain members of the opposition, my answer is, "physician, heal thyself", and arrange that one or another will have a knowledge of the subject and deal with it. That will assure the presentation of every viewpoint and it will remove one thing that is a subject of discussion today in every one of the free institutions in the free world, namely how to maintain that degree of freedom for parliamentary institutions without at the same time denying progress because of prolixity.

The house divided on the motion (Mr. Diefenbaker) which was agreed to on the following division:

YEAS

Messrs:

Aiken
Anderson
Baldwin
Baskin
Beech
Bell (Saint John-Albert)
Belzile
Bigg
Bissonnette
Bourbonnais
Bourdages
Brassard (Chicoutimi)
Brooks
Browne (St.John's West)
Browne (Vancouver-Kingsway)
Brunsden
Cadieu
Campbell (Lambton-Kent)
Charlton
Chown
Churchill
Coates
Cooper
Danforth
Diefenbaker
Dinsdale
Dorion
Drysdale
Dubois
Fairclough, Mrs.
Fairfield
Fane
Fleming (Eglinton)
Fleming (Okanagan-Revelstoke)
Flynn
Forbes
Fraser
Frechette
Fulton
Grafftey
Green
Grenier
Gundlock
Hales
Halpenny
Hamilton (Notre Dame de Grace)
Hamilton (Qu'Appelle)
Hamilton (York West)
Hanbidge
Harkness
Hees
Hicks
Hodgson
Horner (Acadia)
Horner (Jasper Edson)
Jones
Jorgenson
Jung
Keays
Korchinski
Kucherepa
Lahaye
Lambert
LaRue
Latour
Legere
Lennard
Lockyer
Macdonald (Kings)
MacEwan
MacLean (Queens)
MacLellan
MacRae
McBain
McCleave
McDonald (Hamilton South)
McFarlane
McGee
McGrath
McGregor
McIntosh
McLennan
McPhillips
McQuillan
Mandziuk
Martini
Matthews
Milligan
Monteith (Perth)
Montgomery
Morissette
Muir (Cape Breton North and Victoria)
Muir (Lisgar)
Nasserden
Nielsen
Noble
Nowlan
Nugent

O'Hurley	Smith (Hastings-Frontenac)
Ormiston	Smith (Lincoln)
Pallett	Smith (Simcoe North)
Pascoe	Smith (Winnipeg North)
Paul	Southam
Payne	Speakman
Phillips	Spencer
Pigeon	Stanton
Pratt	Stearns
Pugh	Stewart
Rapp	Stinson
Regnier	Tasse
Ricard	Thomas
Rogers	Thrasher
Rynard	Villeneuve
Simpson	White
Skoreyko	Woolliams
Small	Wratten—135.
Smith (Calgary South)	

NAYS

Messrs:

Argue	McIlraith
Badanai	McMillan
Batten	McWilliam
Bourget	Martin (Essex East)
Caron	Martin (Timmins)
Carter	Meunier
Chevrier	Michaud
Crestohl	Nixon
Deschatelets	Pearson
Dumas	Peters
Godin	Pickersgill
Granger	Ratelle
Habel	Richard (Ottawa East)
Hardie	Robichaud
Herridge	Rouleau
Houck	Tucker
Howard	Winch—34.

CANADIAN NATIONAL RAILWAYS

PROVISION FOR CAPITAL EXPENDITURES, ISSUE OF SECURITIES, ETC.

Hon. Donald M. Fleming (Minister of Finance) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

That it is expedient to bring in a measure to authorize the Canadian National Railway Company to make capital expenditures in the year 1958 not exceeding $330,623,000 and to make certain capital expenditures and enter into certain contracts prior to July 1, 1959; to authorize the national company to issue securities to provide amounts required for the authorized expenditures; to provide that, except as expressly provided, the aggregate principle amount of securities outstanding at any time shall not exceed $307,493,000; to authorize the governor in council to guarantee the principal and interest of securities issued by the company for the purpose aforesaid; to authorize the Minister of Finance to make loans to the said company secured by such securities and not exceeding $307,493,000 in principal amount to enable the said company to meet such expenditures and with authority to give financial aid and assistance to other companies of the national system.

Motion agreed to.

MOTIONS FOR PAPERS

CONVERSION LOAN ADVERTISING

Motion No. 28—**Mr. Pickersgill (for Mr. Benidickson):**

Inquiries of the Ministry

For a copy of all contracts or agreements, or letters related to contract between the government or the Bank of Canada and advertising and promotional agencies, relating to the advertising and promotion of the conversion loan plan.

Hon. Donald M. Fleming (Minister of Finance): Perhaps I might say to the hon. member for Bonavista-Twillingate, who makes this motion on behalf of the hon. member for Kenora-Rainy River in his absence, that there are no papers or documents falling within the scope of this motion. I therefore suggest that he drop it.

Mr. Pickersgill: I am sure that course would be agreeable to the hon. member.

Mr. Speaker: Is it agreed that this order be dropped?

Some hon. Members: Agreed.

Order discharged and motion withdrawn.

MRS. A. E. WOODMAN

Motion No. 31—**Mr. McIlraith:**

For a copy of all correspondence since June 21, 1957, exchanged between the Minister of Northern Affairs and National Resources or any officials of the department, and any other persons concerning the employment by the government of Canada of Mrs. A. E. Woodman, of Jasper, Alberta.

Motion agreed to.

FINANCE

PUBLICATION OF ALLEGED EXTRACTS FROM "CANADIAN ECONOMIC OUTLOOK FOR 1958"

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, on Saturday I asked the Minister of Trade and Commerce whether he could comment on the accuracy of certain excerpts from a report of his department "Canada's Economic Outlook for 1958". He was not able to do so the other day. I am asking now whether he can comment on the accuracy of the excerpts printed from that report?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, I judge this is the question which the Leader of the Opposition asked me on Saturday. His question was:

If so, can he say whether these excerpts are accurate?

My reply on Saturday was as follows:

My attention has been drawn to a report in the Toronto *Star* in regard to what the headline calls a secret report. I have made no further examination of the alleged excerpts quoted in the *Star*, as to whether or not they are from some secret report of the department.

That answer holds at the present moment.

Mr. Pearson: I have a supplementary question. Am I to understand from the minister

that he has not yet checked the accuracy of these excerpts with the report in question?

Mr. Churchill: Mr. Speaker, there is nothing in the Toronto *Star* story to indicate what report of the various reports that I receive was being referred to.

Some hon. Members: Oh, oh.

Hon. Paul Martin (Essex East): I should like to ask the Minister of Trade and Commerce, in view of the statement he made earlier today on this matter of the secret report, whether or not the distinguished newspaper man from the Toronto *Globe and Mail,* Mr. Clark Davey, is correct in what he attributed to the Minister of Trade and Commerce as reported in the issue of the *Globe and Mail* this morning?

Mr. Churchill: Mr. Speaker, I judge that I dealt with that matter, unless the hon. member has some specific reference to make.

Mr. Martin (Essex East): Did my hon. friend give an interview to Mr. Clark Davey with regard to this matter on Friday or Saturday?

Mr. Churchill: Not to my knowledge, Mr. Speaker.

Mr. Martin (Essex East): Do I understand that the minister states that he did not talk to Mr. Clark Davey who wrote in today's *Globe and Mail* that Trade Minister Churchill on Friday had told reporters that the newspaper stories indicated they were based on direct quotes from the report. Is that an accurate quotation?

Mr. Churchill: That is without foundation, Mr. Speaker.

Mr. Martin (Essex East): Then Mr. Clark Davey is not telling the truth, according to the minister?

Mr. Hazen Argue (Assiniboia): I should like to direct to the Minister of Trade and Commerce a question which I believe is supplementary to the one asked by the Leader of the Opposition. Does the minister know what the report referred to in the Toronto *Star* is when it is referred to as a report of Canada's 1958 economic prospects? Is that report known to the minister?

Mr. Churchill: Mr. Speaker, I receive quite a number of confidential reports from time to time from members of my department with regard to Canada's economic prospects.

Mr. Argue: I should like to ask a further supplementary question. Is there a report in the hands of the minister entitled "Canada's 1958 Economic Prospects" or "Canada's Economic Prospects, 1958"?

Mr. Churchill: Which one would you like, now?

[Mr. Pearson.]

Mr. Pickersgill: That is not very clever.

Mr. Argue: Has the minister in his hands a report entitled "Canada's 1958 Economic Prospects".

Mr. Churchill: I will check the reports in my possession to see if any one of them bears the title mentioned by the hon. member.

Some hon. Members: Oh, oh.

Mr. Pearson: Does the minister receive more than one report from his department entitled "Canada's Economic Prospects, 1958"?

Mr. Churchill: Mr. Speaker, I will have to look at the various reports which I received to see if I have one that is in accordance with the question of the hon. member.

Mr. Chevrier: May I ask the Minister of Trade and Commerce if he gave a statement to the Toronto *Telegram* concerning the report which appeared in the Toronto *Star*?

Mr. Churchill: No, Mr. Speaker, I gave no statement to the Toronto *Telegram.*

Mr. Chevrier: May I ask a supplementary question. With respect to a press clipping under the title "Government violent at leak in security" as published by Peter Dempson of the Toronto *Telegram* as follows:

Trade minister Churchill summed up his reactions—

Some hon. Members: Order.

Mr. Chevrier: The minister is quoted as saying that his reaction to this report was violent and I ask the minister if he denies making that statement.

Mr. Speaker: I am not sure whether the hon. member was in the house at the beginning of today's sittings when the Minister of Trade and Commerce dealt with a number of reports in the newspapers—

Mr. Fleming (Eglinton): Including that one.

Mr. Speaker: —and as I recall it his remarks covered the one to which the hon. member is now referring.

Mr. Chevrier: I was here, Your Honour, and I listened very carefully to what was said by the minister when he made a denial, seriatim, of those articles in question. I have now asked him if he in fact made this statement to the Toronto *Telegram* and he said he did not so I was following this up with a supplementary question as to whether he had used the word "violent".

Mr. Speaker: Perhaps the hon. minister could tell me whether his previous statement covered the question now asked.

Mr. Churchill: I thought, Mr. Speaker, that the answer I made earlier covered this question. I do not normally use the word "violent" and I have no recollection of having used it in this connection on any occasion whatsoever. It is not a word of which I make use.

Mr. Chevrier: May I ask a supplementary question. Did the minister use the word "violent" in referring to "The Canadian Economic Outlook" for 1958", as reported in this article.

Mr. Churchill: I did not use the word violent.

Mr. H. W. Herridge (Kootenay West): Could I ask the Minister of Trade and Commerce whether he makes a distinction between the words "without foundation" and "is not true"?

Mr. Green: On the point of order, Mr. Speaker, may I suggest that the only proper questions which may be asked on orders of the day have to do with urgent matters. Many questions have already been asked with which the Minister of Trade and Commerce dealt in his statement on privilege and now he is being subjected to cross-examination. There is no provision in the rules for conduct of this kind.

An hon. Member: You mean he is in trouble.

Mr. Martin (Essex East): On the point of order just raised by the Minister of Public Works, it is true that the Minister of Trade and Commerce, as a matter of privilege, denied the stories but the questions which have been put today do not in any way contest the right of the Minister of Trade and Commerce to rise, as he did this afternoon, on a question of privilege. The questions put thus far simply asked the minister if he gave interviews to certain gentlemen of the press and the minister has denied having given these interviews. Surely we are entitled—

Some hon. Members: Order.

Mr. Martin (Essex East): —to ask—

Mr. Nowlan: Order.

Mr. Chevrier: Don't make so much noise.

Mr. Nowlan: Who is making noise?

Mr. Chevrier: You are.

Mr. Martin (Essex East): —whether or not he has given these interviews so that we may be in a position of having, on the one hand, the assertions of gentlemen of the press that they did have these contacts with the minister and, on the other hand, the minister's statement that he did not give any such interviews at all. Then the house will have to judge and the country will have to judge which is correct.

Some hon. Members: Order.

An hon. Member: Sit down.

Mr. Speaker: I will have to ask the hon. member for Essex East to confine himself to the point of order—

Mr. Martin (Essex East): That is exactly my point.

Mr. Speaker: I thought he was making a statement about the country judging something and so on.

Some hon. Members: Hear, hear.

Mr. Speaker: The point is whether or not the questions which are being asked at this time are in order and I shall hear him on that point.

Mr. Fulton: Mr. Speaker, on that point—

Mr. Martin (Essex East): Mr. Speaker—

Mr. Speaker: I would like to hear the Minister of Justice next.

Mr. Fulton: The hon. Minister of Trade and Commerce rose when the sitting opened this afternoon and made a statement of privilege in which he dealt with a number of alleged quotations appearing in press reports. As I recall it, he referred to some half dozen such quotations and in each case he said that the quotation and the statements surrounding it were without foundation.

On at least two occasions hon. gentlemen opposite, by purporting to ask questions on orders of the day, have raised matters which directly challenge the accuracy of the statement of the minister when he said the statements and quotations were without foundation. I submit, sir, that such a line of questioning is completely out of order because it clearly indicates that the word of the Minister of Trade and Commerce, given in his place in this House of Commons, is not accepted; and no hon. gentleman has the right to pursue that line of questioning.

Mr. Pearson: Mr. Speaker, on the point of order, no one is refusing to accept the word of the Minister of Trade and Commerce but the minister got up this afternoon on a question of privilege and denied certain statements attributed to him by the press. We are now asking him whether or not he in fact had interviews with these particular pressmen from these particular newspapers in regard to the matter about which the

newspapers reported and surely, sir, we are entitled to the denial of the minister on our questions as to whether such interviews in fact took place.

Some hon. Members: Hear, hear.

Mr. Speaker: Normally scope is given for supplementary questions in order to clarify answers given but I do not think any minister is required to be subjected to cross-examination under the guise of questioning.

An hon. Member: It is not cross-examination at all.

Mr. Speaker: Order. For that reason I allowed the questions to continue, thinking they were asking for points of fact which had not been covered by the minister's statement. I think the house will appreciate, however, that if members are unable to elicit a clear answer by four or five questions that is about as far as the matter can be pursued at this stage of the proceedings.

I would like, however, to clarify something which I have said. I may have done the Minister of Trade and Commerce an injustice when I said "if an hon. member had been unable to elicit a clear answer." What I intended to say was "an answer satisfactory to the questioner." I was not trying to judge whether or not the answers of the minister were clear and I am sorry.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I wonder if I could direct a somewhat different kind of question to the Minister of Trade and Commerce. I should like to ask the minister if he has received from the officials of his department a report or document entitled "The Canadian Economic Outlook for 1958"?

Mr. Speaker: My recollection is that that is the same question that was asked earlier.

Mr. Pickersgill: Mr. Speaker, the hon. member for Assiniboia (Mr. Argue) asked about a report or document with a somewhat different title. I believe an examination of *Hansard* will show that.

Mr. Fulton: Mr. Speaker, I should like, if I may, to give a supplementary answer—

Mr. Martin (Essex East): Mr. Speaker, surely before the Minister of Justice replies we ought to have some comment in answer to the question.

Mr. Fulton: I am sorry, Mr. Speaker, but I did not know there was any proper question before the house.

Mr. Pickersgill: Mr. Speaker, on a point of order I submit there is a proper question before the house.

Mr. Speaker: It is not a point of order that a minister does not answer.

Mr. Martin (Essex East): It is common decency to answer.

Mr. Churchill: Mr. Speaker, the hon. member for Essex East will have to withdraw that expression.

Mr. Chevrier: Why should he?

Mr. Argue: The minister claims he does not know if there is a report.

Mr. Martin (Essex East): Mr. Speaker, the Minister of Trade and Commerce said I should withdraw my comment. I say that any minister to whom a question has been put should know that the house deserves to be treated with the same respect as that expected by members who put questions.

Mr. Speaker: All hon. members know they have the right to ask questions but they cannot insist on answers and if they cannot insist on answers they have no right to comment on the presence or absence of a satisfactory answer at this stage of the proceedings.

Mr. Pickersgill: But there was no answer at all.

Mr. Fleming (Eglinton): There was not only comment but an improper comment from the hon. member for Essex East.

Mr. Martin (Essex East): Mr. Speaker, I said that if a question has been put to a minister the minister owes it to the house in decency to give a reply.

Mr. Fleming (Eglinton): That is not what you said at all. You are wriggling now.

Mr. Speaker: That is why I took exception to what the hon. member for Essex East said because that is just what he is not entitled to do.

Mr. Pearson: With respect, Mr. Speaker, the reason the question was put in this form is because the minister himself commented on the form in which it had been put previously and quibbled over the exact nomenclature of the report. That is why we are trying to get the exact truth in this matter without quibbling over the title.

Mr. Speaker: The question was asked. If the minister does not see fit to answer it, no comment can be made on it.

Mr. Harkness: It is mere repetition.

[*Later:*]

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I should like to ask the Minister of Trade and Commerce whether it is true that he has ordered an investigation into the circumstances surrounding the story which appeared in the Toronto *Star* on Friday, to which previous questions were directed?

Hon. Gordon Churchill (Minister of Trade and Commerce): No, sir.

Mr. Pickersgill: I should like to ask a supplementary question, sir. Can the minister say whether or not he gave an interview on this subject to Mr. Mackie of the Winnipeg *Free Press*?

Mr. Churchill: No, I gave no interview to Mr. Mackie of the Winnipeg *Free Press*. He phoned to ask me if he could have a copy of a report and I said no.

Mr. Pickersgill: Did the minister not tell Mr. Mackie that he had ordered an investigation?

Mr. Churchill: No, Mr. Speaker, I did not say that to Mr. Mackie and did not order an investigation.

COMBINES INVESTIGATION ACT

ANTIBIOTIC DRUGS—REFERENCE TO POSSIBLE PRICE FIXING

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): I should like to direct a question to the Minister of Justice. Has the minister been notified that the United States federal trade commission has charged six major drug companies with fixing the prices of the so-called wonder drugs at arbitrary, artificial, non-competitive and rigid levels? As some of the companies named are major distributors in Canada of antibiotics, will a study be made to see if similar illegal practices are being followed in our country?

Hon. E. D. Fulton (Minister of Justice): The report referred to by the hon. member has not as yet been drawn to my attention but I will make inquiries in the department to see if it has come to the attention of my officials; and if the report discloses anything which indicates that it is desirable that the matter should be followed up in Canada I can assure the hon. gentleman that that will be done.

[*Later:*]

Mr. Fulton: Mr. Speaker, may I continue with the statement I attempted to make earlier. Information has come to my attention since I answered the question asked by the hon. member for Vancouver East (Mr. Winch). I understand that certain inquiries have now been instituted by the director of investigation and research into the question of antibiotics which was raised by the hon. member earlier.

EXTERNAL AFFAIRS

POLAND—STATEMENT ON PROTEST OVER VIOLATION OF CATHOLIC SHRINE

On the orders of the day:

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the Leader of the Opposition (Mr. Pearson) asked a question of the Secretary of State for External Affairs (Mr. Smith) as to whether or not the government had received an appeal from Canadians of Polish descent through the Canadian-Polish congress of Canada, and had protested to the Polish government concerning the violation by their police of the holy Catholic shrine at the monastery of Czestochowa.

A communication dated August 1 has been received which reads as follows:

Toronto, Ontario
August 1, 1958.

Right Honourable John Diefenbaker,
Prime Minister of Canada,
Ottawa.

Profoundly moved by the information received about the search of the monastery of Czestochowa, July 21, and recent campaign against the Catholic church in Poland, we appeal to you on behalf of the 250,000 Canadians of Polish descent to raise on behalf of the Canadian government and in parliament a most serious protest against the brutal attack upon the most holy shrine of Poland and religious freedom by a totalitarian and godless regime.

Head Executive board,
Canadian Polish Congress.

News reports indicate that since Saturday and also during the previous few days discussions have been carried on between the state of Poland and the church authorities in Warsaw and that certain agreements have been reached. Naturally this action by the Polish police is disturbing and the appeal that is directed to me is one that has my utmost sympathy. However, in view of the fact that this matter is now being considered as between the authorities to which I have referred the Canadian government does not propose to take any action which might have the

appearance of interference with the arrangements which apparently have been made or are about to be arrived at. Naturally, too, the government wants to be assured that there shall be no impairment of that degree of tolerance and truce that has prevailed between the church and state in Poland in recent months and we hope that as a result of these communications that are passing between those I have mentioned, the state and the church, the future result will be a maximum degree of religious freedom.

I feel that at this time any action taken by this government by way of protest would add nothing to the solution of the problem when a solution is apparently being arrived at in consequence of deliberations as between the interested parties.

LEBANON—STATEMENT ON LANDING OF FURTHER UNITED STATES REINFORCEMENTS

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, may I direct a question to the Secretary of State for External Affairs and ask if he could inform the house about the nature and strength of the United States troops which have landed in Lebanon within the last 48 hours.

Hon. Sidney E. Smith (Secretary of State for External Affairs): Mr. Speaker, hon. members will recall that on Saturday morning I assured the house that I had, as is the customary practice in the diplomatic field, addressed a question through our embassy in Washington with respect to the nature and scope of the forces that had been landed in Lebanon by the United States within the last three days. This afternoon we received with respect to this matter information to the effect that the landings are regarded by the United States government simply as part of the original planned movement of troops and equipment. At the time of the initial landing by air in Lebanon of units of United States forces there were dispatched to Lebanon, by sea, men and material to support those units. Some of these have arrived in the past few days. They are considered part of the original program and their arrival does not indicate any recent decision to increase the strength of United States forces in Lebanon. I am very happy to report that to the house.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, may I ask a supplementary question. Can the minister say whether or not Canada is opposed to this kind of continuing addition to United States troops in Lebanon?

[Mr. Diefenbaker.]

Mr. Smith (Hastings-Frontenac): Mr. Speaker, I have no comment to make. I have given my answer.

DOMINION-PROVINCIAL RELATIONS

NEWFOUNDLAND—STATEMENT ON DISPOSITION OF CANADA HOUSE

On the orders of the day:

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, on July 31 as reported at page 2891 of *Hansard* of that date the hon. member for Trinity-Conception (Mr. Tucker) asked me the following question:

> Is it the intention of the government to sell the house now occupied by the premier of Newfoundland, known as Canada house?

My information is that Premier Smallwood will shortly be moving into a house of his own and accordingly Canada house which is rented to the government of Newfoundland will be turned over to Crown Assets Disposal Corporation.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

ADMINISTRATION OF JUSTICE

BRITISH COLUMBIA—REQUEST FOR STATEMENT ON ACTIVITIES TO HALT VIOLENCE IN INTERIOR

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I should like to direct a question to the Minister of Justice (Mr. Fulton) but, in his absence, perhaps he can take it as notice, when it is drawn to his attention. Can the Minister of Justice make a comprehensive and detailed statement regarding the activities of the R.C.M.P. and of the United States coastguard, as those activities relate to certain incidents which are reported to have taken place in Prince Rupert over the week end?

Hon. Donald M. Fleming (Minister of Finance): Is that not a matter for the estimates of the Department of Justice, if my hon. friend wishes to bring it up?

Mr. Howard: Mr. Speaker, if the Minister of Finance had been following the news reports he would not have raised that question.

Mr. Speaker: There is not enough information in the question to indicate what it is about.

Mr. Howard: If I may rephrase it now that the Minister of Justice is here, I just inquired whether the minister could make a detailed statement regarding the activities of the R.C.M.P. and the United States coastguard and the twice reading of the riot act by the mayor of the city of Prince Rupert, with respect to certain incidents which happened there over the week end, which the minister is quite aware of?

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, the R.C.M. Police, as the house is aware, has contracts with eight provinces in Canada, and under those contracts and arrangements pursuant thereto they are also responsible for the policing of some 120 municipalities. I think that normally it would not be expected that the Minister of Justice here would enter into detailed replies on the orders of the day with regard to incidents in connection with the policing of a municipality which is governed by the contract in effect in that regard. However, in this particular case, because of the unusual nature of the incidents, I think it is appropriate that I should give an answer.

I am informed that the strength of the R.C.M. Police in Prince Rupert, as governed by the terms of the contract, is 18 men from April 1 to September 30, and 16 for the remainder of the year. That is the number of men devoted to municipal policing. Saturday, August 2, marked the windup of the British Columbia centennial celebrations in Prince Rupert. I should also say I am advised that the fishing fleet was in harbour. Altogether, according to my advice, there were some three or four thousand visitors in the city on that day. During the evening, some 10 arrests were made by the police, and with the final two arrests for drunkenness and fighting a crowd of some 800 gathered and started to throw bottles and stones at the police. This uproar continued and a crowd followed the police to the police station and the city hall area. They continued to demonstrate there and to shout and throw stones. At 1.15 a.m. on Sunday, the third of August, the mayor read the riot act. It had no effect. He read it a second time, with apparently the same results.

In the meantime the crowd continued to shout and throw stones and bottles which broke windows in the city hall, in the police station and in some of the stores. At 1.30 in the morning the police, feeling that further action was necessary, moved in with tear gas. At about 2.30 in the morning, as a result of this action, they had managed to get the crowd dispersed and the situation under reasonable control. In the course of those incidents some policemen were injured, but only two in any serious fashion. There were also two people amongst the crowd that had taken part in the demonstration who were hurt sufficiently seriously to be hospitalized. I am advised, however, that they were not seriously injured.

In the course of these incidents 22 people were arrested for unlawful assembly and I am advised that the prosecuting attorney is now drafting charges. I am further advised that conditions today are quiet and have been ever since the crowd was dispersed. I am further advised that the city council met in emergency meeting immediately after the riot and fully endorsed the action taken by the police.

Now, with regard to the alleged activities on the part of the United States coastguard, I am advised that the U.S.S. *Balsam* had brought the mayor and some other dignitaries from Ketchikan, Alaska, to take part in this final day of the celebration. The ship was in harbour at the time but it is not clear, on the basis of the most recent information I have been able to obtain, whether the shore patrol from the *Balsam* were engaged in their normal patrol activities regarding the supervision of their own personnel who were on shore or whether in fact they participated, or were requested to participate, to any greater extent in controlling the outbreak. I would therefore prefer not to make any further statement on that matter until I have more detailed reports.

ST. LAWRENCE SEAWAY

INQUIRY AS TO NAMING OF NEW LAKE

On the orders of the day:

Mr. Hubert Badanai (Fort William): Mr. Speaker, I wish to direct a question to the Minister of Transport in connection with a letter which appeared in the Saturday edition of the Ottawa *Citizen*. Is the government contemplating naming the newly created lake in the St. Lawrence seaway in the near future? If so, is the suggestion contained in the letter to the editor to be considered? If the house would allow me, I should like to read the letter.

Some hon. Members: No.

Mr. Speaker: I think it is not necessary. Perhaps if the hon. member would indicate the name suggested it would complete the question.

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I have not seen the letter. If the hon. member will send it to me I will study it and give him an answer.

Mr. Badanai: The name suggested is lake Chevrier.

(Translation):

HOUSE OF COMMONS

REQUEST FOR BILINGUAL ANSWERS TO QUESTIONS ON ORDER PAPER

On the orders of the day:

Mr. Guy Rouleau (Dollard): Mr. Speaker, I should like to direct a question to the Secretary of State. Is he now in a position to reply to the question I put to him last Wednesday, as to whether he is in a position to intervene with his colleagues so that regard may be had for the bilingual character of this country and that, accordingly, answers to our questions may be obtained in the two official languages of this country?

Hon. Henri Courtemanche (Secretary of State): Mr. Speaker, I shall see to it that the wish of my hon. friend is fulfilled in the future.

(Text):

SUPPLY

Hon. Donald M. Fleming (Minister of Finance) moved that the house go into committee of supply.

"CANADIAN ECONOMIC OUTLOOK"—ACTION BY GOVERNMENT ON CONFIDENTIAL ADVICE

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, this is the last occasion under the rules when we will have the opportunity on this side of moving a motion before we go into supply criticizing the conduct of the government in some particular respect, and I hope that in rising in my place on this occasion I will be able to avoid those repetitious utterances which the Prime Minister (Mr. Diefenbaker) warned us against this afternoon.

Mr. Fulton: We hope so too.

Mr. Pearson: Indeed, as he spoke this afternoon I could not help but think that one part of his remarks was very reminiscent of the kind of friendly, admonitory observation that occasionally used to come from the Right Hon. C. D. Howe who also did not like, and perhaps with better reason than my right hon. friend, repetitious utterances. As he spoke this afternoon I thought he might be directing some of his advice in that regard to the members of his own party in connection with their statements on private bills and resolutions in this chamber. Like the Prime Minister, I do not believe that repetition is necessarily refutation but with your permission, Mr. Speaker, I will take a certain amount of time this evening to deal with the matter I have on my mind.

The Prime Minister also made some very interesting observations this afternoon about changes in the atmosphere, in the procedure, in the physical facilities of the chamber which might speed up our debates and make them more effective, and for that purpose he thought that there was perhaps something to be said for taking away our desks. He was good enough the other day to offer me, and perhaps one or two other privileged members, loudspeakers in our offices so we could do two jobs at once, the work in the office and the work on the floor of the house, but I hope he is not making that offer on condition that if we accept it it will be a kind of compensation for losing our desks. I confess with some mild depression, Mr. Speaker, that a good many of us in this party lost our seats recently but I hope we here are not going to lose our desks now or at least until we lose our seats.

I know, of course, as the Prime Minister pointed out, how tempting it is to pile up book on book on our desks but I assure my hon. friend that the books I have piled up here are for the purpose of making my notes a little easier to read and not to quote from. I will do my best on this occasion to reconcile what he called the necessity for progress with the temptation to prolixity, and my right hon. friend speaks, I think, with some authority on that matter.

I was, I confess, tempted in introducing this motion, to talk about something which is of longer range importance perhaps than some of the subjects which have been troubling us in the last week or so in the house. I was also tempted, I confess, to bring up the question of one, Mr. Walter Mitchell, who has been charged in this house with criminal conduct by a member of the government without having had an opportunity, and this is the real principle involved, of appearing before any investigating body or agency or committee of the civil service to defend himself or find out what he was charged with.

But the events of the last day or two seem to me to make it necessary to discuss on this occasion, and in due course I will move a motion in connection with the matter, the hidden report, Canadian economic prospect, 1958. That report has not been tabled and the government refused to table it when the matter was brought up in the house but some part of it, with every appearance of accuracy and authenticity, has now leaked into the press. When this happened at the end of last week the reaction of the Prime Minister

according to the press, and he can correct me if this press report is also inaccurate, was "good for them".

Mr. Diefenbaker: Mr. Speaker, I will correct that immediately. The only observation I made was: "I haven't seen the story so there is nothing more I can say."

Mr. Pickersgill: Another misquotation.

Mr. Pearson: Well, Mr. Speaker—

Mr. Diefenbaker: Mr. Speaker, when I rise on a question of privilege and say that is the entire statement I made I do not want to hear my hon. friend—

Mr. Chevrier: You will just have to abide by the rules.

Mr. Diefenbaker: —endeavour to read into the record what he desires to in order to make his case, having nothing else upon which to make it.

Mr. Pearson: Mr. Speaker, the Prime Minister has just said that he has not read the story which he denies as being accurate.

Mr. Diefenbaker: No, I did not say that. Even my hon. friend should keep within the truth.

Some hon. Members: Oh, oh!

Mr. Diefenbaker: I never made any such statement.

Mr. Speaker: In order that I may be clear on this matter, I understand that the Leader of the Opposition (Mr. Pearson) refers to a press quotation attributed to the Prime Minister (Mr. Diefenbaker)—

Mr. Diefenbaker: No.

Mr. Speaker: —and the Prime Minister, rising in his place on a question of privilege, says that he did not make that statement.

Mr. Pearson: Mr. Speaker, I was referring to a story that appeared in the Ottawa *Citizen* of August 2 saying that the Prime Minister's initial reaction to the newspaper story was "Good, good for them". The Prime Minister has denied and, of course, we accept his denial, that he made any such observation on this occasion. That is one additional denial to add to the number we have already received in the house this afternoon. When this matter came before the house on Saturday last the Prime Minister did say, as found on page 3007 of *Hansard* for August 2, 1958:

I think the hon. member for Vancouver East answered himself when he said there were "alleged excerpts in the press".

He went on:

If on every occasion alleged excerpts in the press were made the basis upon which privilege could be raised in this house, privilege would be an almost daily occurrence.

So he does not accept the accuracy or authenticity of the excerpts. The Minister of Finance (Mr. Fleming) took the same position on page 3008 of *Hansard* where there is the following:

Mr. Pickersgill: May I ask a supplementary question? May I ask the minister if they are or if they are not?

He was referring to the question of accuracy.

Mr. Fleming (Eglinton): I do not know, Mr. Speaker. I have not made a point of reviewing all the conjectures that appear in the Toronto Daily *Star*. That would be a full time job.

The Minister of Finance, who must have been interested in this story because it had a very direct bearing, as I hope to point out later, on his budget speech and the indices from which he drew his conclusions at that time, surely would have been interested enough to have had a look at this story which purported to quote from this report. But he indicated that he had not read it or bothered to read it.

Then, Mr. Speaker, we asked the Minister of Trade and Commerce (Mr. Churchill), who has, I think, obtained a graduate degree in the house this afternoon as a master of misquotation, whether these excerpts were accurate. Saturday he said he did not know whether or not these excerpts were accurate, and today he indicated he knew nothing about not only the excerpts but he had no knowledge of the report itself, a report with which we are all quite familiar and so is the minister, from the Department of Trade and Commerce. When the minister feigned ignorance this afternoon about this report, he will perhaps forgive us if over here we did not take his ignorance very seriously. On July 18 of this year on pages 2410 and 2411 of *Hansard*, when we were dealing with the trade and commerce estimates, I asked the minister what about the report for this year? Is it in a different category? I was talking about this report, "The Canadian Economic Outlook for 1958". The minister replied, and this is in *Hansard*:

The economic survey for 1958 will be studied very carefully, and has been studied very carefully, and the government, in its judgment, will act in accordance with that report, as we thought the former government should have done.

This afternoon the minister indicated he did not know anything about this report.

Mr. Churchill: I said no such thing.

Mr. Pearson: There is only one conclusion that can be drawn from the words the minister used this afternoon. He was trying to give us the impression, when we asked him about this report to get information about it to which we were entitled, to find out whether or not the excerpts from it were accurate,

that he had no idea what report we were talking about.

Mr. Fulton: You were not very clear yourselves.

Mr. Pearson: We were clear enough that if the minister had wanted to take this house into his confidence, and I say this with respect, as it was entitled, he would have answered the question. He knew all about the report to which I referred in *Hansard*. Indded, this report has been referred to previously in *Hansard*. On June 18, 1958 there was a notice for the production of papers concerning it. At page 1391 of *Hansard* for that date the Prime Minister had this to say:

> Mr. Speaker, the government finds it necessary to oppose this motion, on the ground that "The Canadian Economic Outlook for 1958", is a confidential document.

Presumably the Prime Minister knew something about it, and so did the Minister of Trade and Commerce, when on July 18 he made the statement to which I have referred. If, indeed, there is no such report, as the Minister of Trade and Commerce tried to indicate this afternoon—

Mr. Churchill: I must raise an objection to that remark. It is quite untrue, and I hope the Leader of the Opposition (Mr. Pearson) will withdraw that remark.

An hon. Member: What a laugh!

Mr. Pearson: There were questions asked about this report.

Mr. Green: Which you had no business to ask.

Mr. Pearson: We had every right and duty to ask them. I know it may be disagreeable to my hon. friends opposite to be pressed in this way in connection with a matter with which they are not anxious to be concerned at the present time. We had every right to ask those questions. When the hon. member for Bonavista-Twillingate (Mr. Pickersgill) asked questions on this very point earlier today the minister preferred to remain silent. He did not even rise in his place and give him the courtesy of a negative reply. I think we are entitled to say, in the situation in regard to this matter of the report itself and the excerps from the report, that now confusion is worse confounded.

It is certainly incumbent upon the government at this time to make this report public, the whole report public. I think it is regrettable that this should have to be done in the interests of clarifying this situation. In the past these reports have been considered as confidential, secret documents from expert civil servants to their ministers. For many years, they were treated as such. In the past, the previous government had not made these reports public, and for very good reasons. But certainly now the circumstances are very different. There have been excerpts published, with at least the appearance of accurary, which have not been denied as being accurate by any representative of the government. There have been excerpts from this report in the press; there has been speculation and misunderstanding created by the attitude of the government in connection with the appearance of those excerpts. Surely in those circumstances the only way in which this matter can be cleared up is by making public at this time the report in question.

Mr. Speaker, how can they in common decency keep this report secret, in the light of the stand taken and the words used with terrific vehemence by the Prime Minister on January 20 last? The attitude of the government in respect of this particular report, and in respect of the excerpts from that report which have appeared in the press within recent weeks, demonstrates beyond any shadow of doubt the spurious, hypocritical, and purely partisan nature of the Prime Minister's attack on the previous government last January, and to an even greater degree during the election campaign. We remember the vehemence and vigour with which that attack was pressed on January 20 against the former administration for not disclosing the 1957 report. This attack was on the basis of carefully selected excerpts from that report of 1957, which were produced in the house—

Mr. Harkness: This vulgar abuse does not take the place of facts and reason.

Mr. Pearson: My hon. friends had their day on January 20. They howled with glee on that day. Perhaps tonight they will only howl.

Mr. Harkness: I say this vulgar abuse does not take the place of facts and reason.

An hon. Member: Facts or whining?

Mr. Pearson: There were two charges levelled in connection with this 1957 report. The first one was that we did not take the report into consideration when we were producing our budget in 1957.

Mr. Green: You have never even read it.

Mr. Pearson: That charge, Mr. Speaker, has no basis of truth or, to use words popular today, no foundation in fact at all. Not only did the previous minister of finance take this report into consideration, he studied it and the government studied it.

Mr. Green: May I ask the hon. member a question? Did he not say in the house he had never even read the report or seen it?

Mr. Pearson: No. If the minister makes that statement, will he point to any reference in *Hansard* where I said it?

Mr. Green: I thought that I heard you say it.

Mr. Pearson: The minister should not make interjections of that kind on the basis that he thought he heard me say something.

Mr. Green: Will the hon. member answer the question? Did you read it or did you not?

Mr. Pearson: Of course, I read it. I have read that report from beginning to end, and so did the other ministers of the cabinet.

Mr. Green: When?

Mr. Pearson: The minister of finance took that report into consideration when he drew up his budget. He did not take certain excerpts from that report to prove a particular case; he took the whole report into consideration. I have wanted to say this for a long time, Mr. Speaker. The excerpts which the Prime Minister carefully selected from this report gave a completely inaccurate and distorted picture of what the report contained. The second charge was that we hid it. The hon. member for Victoria-Carleton (Mr. Montgomery) who I do not think is in his seat at the moment, rose in his place a few weeks ago with some indignation to say that that charge had never been made during the election campaign; that all that we were accused of —we in this party—was of not using the report in the developing of our economic and financial policies and in our budget of 1957 we thereby deceived the people because we did not use this report for that purpose. But there is abundant evidence to show that the main charge levelled against us in this house on January 20 and all over the country during the election campaign was that we hid the report, that we concealed the report. It became famous as the "hidden report". I do not want to say that without putting on the record some evidence to prove what I am saying. I now quote from *Hansard* of January 20, 1958. The first quotation is to be found at page 2536, when the Prime Minister said this:

—but I put it to the hon. members opposite—every one of them in the official opposition—that they hid the facts; they concealed the record; they did not let the Canadian people know what was taking place.

Then again at page 3527, the Prime Minister said:

We were on the slide,—

He was talking about the economic picture a year ago last spring.

—really on the slide,—

There are a great many people in this country at this moment who would like to be on that slide today.

—when they left power on June 21, and now, for political purposes, having concealed this document, they have the effrontery to pretend to the Canadian people that we are responsible.

Then again at page 3528 we find that the Prime Minister had this to say:

Why did hon. members opposite, in the idealistic vein of the hon. Leader of the Opposition, not reveal these facts?

And again:

Mr. Speaker, why did they not reveal this? Why did they not act when the house was sitting in January, February, March and April? They had the information.

Later, as found in that column:

Warned in March of 1957, what did they do to meet that? Silence gives the answer.

Then he went on to tell how we had kept this report secret and as reported at page 3529 of *Hansard* he ended up by saying this:

Did they give us such information?

That is the information in this 1957 report on economic prospects.

They had it in the report but they did not give it to parliament.

And again at page 3530:

Mr. Knowles (Winnipeg North Centre): The Prime Minister did not hear my question. Has this document which the Liberals concealed been tabled? If not, will the Prime Minister table it so we can all see it?

Mr. Diefenbaker: I do not know that it has been. I would take it that it has, surely. If it had not been tabled my hon. friend has added one more example to the record of concealment by my hon. friends opposite.

Surely that is enough, Mr. Speaker, to prove beyond any shadow of doubt that the main charge levelled at us in connection with this important matter was that of concealing or hiding what became known as the "hidden report". The Prime Minister made a great deal of that point during the election campaign, especially in a speech he made in Edmonton.

Mr. Diefenbaker: Are you not making the same speech you made in the election campaign?

Mr. Pearson: No.

An hon. Member: None of the ministers can observe the rules of behaviour.

Mr. Pearson: On that occasion—and I am quite sure the Prime Minister will not accuse me of misrepresenting what he said—he attacked us very vigorously indeed for hiding this report from the Canadian people. He went on to say that not only had we hidden it but that not a member of the cabinet had even bothered reading it. Then he concluded his observations—

Mr. Diefenbaker: Where do you get that statement?

Mr. Pearson: From the Edmonton *Journal*. I am looking for it now. I thought I had it

on my desk. Perhaps I will find it in time to read it to my hon. friend. He will remember it, of course; and I am sure he is not going to deny that because that speech must be very clear in his mind. He accused us of not only having concealed it but not having read it. Perhaps he will remember that statement. Then he went on to say, "When I tell you the facts, they are the truth". The facts on that occasion, Mr. Speaker, in connection with the 1957 report are that this report was treated as every such report had been treated since these reports were instituted in 1946; that the cabinet had read it; and that the cabinet had used it as a basis for economic and financial policy. However, that kind of attack served its purpose. Nevertheless, I suggest that the people are not likely to be fooled again—in the light of what has happened in the last two or three days—by such mock and manufactured indignation as the Prime Minister displayed on January 20 last and during the election campaign in respect of this matter. I know some of my friends on the Conservative side say that this matter was all decided in the election, that we were badly beaten in the election and have no right to talk about such matters; that it is all finished. The events of the last few days, Mr. Speaker, have shown that it is far from finished because now we have another report, namely the report for 1958 from which excerpts have appeared in the press.

Mr. Harkness: How do you know?

Mr. Pickersgill: Are they or are they not excerpts?

Mr. Pearson: It is a very simple matter to decide. All the minister has to do—or any one of the ministers—is to read the Toronto *Star*, and then to say that the excerpts are inaccurate and are not from the report.

Mr. Harkness: Your only stock in trade is the Toronto *Star* and newspaper stories.

Mr. Pickersgill: They would do it quickly enough if they were not correct.

Mr. Harkness: Without the Toronto *Star* you would not have a word to say.

Mr. Pickersgill: We would always have the Minister of Agriculture.

Mr. Speaker: Order. Hon. members on the right will have their turn.

Mr. Pearson: My hon. friend should be greatly relieved that I am not talking about Walter Mitchell.

Mr. Harkness: I should be delighted if you would talk about Walter Mitchell. You have nothing to talk about there.

An hon. Member: Judge and jury.

Mr. Pickersgill: The lord high executioner.

Mr. Pearson: We have had these excerpts from this report Mr. Speaker, and not one member of the government, not one member on the treasury benches has risen in his place and said that these excerpts are not from that report, or that they are entirely inaccurate. We have a right to assume then that they are accurate.

Some hon. Members: Oh, oh.

Mr. Pearson: This afternoon we asked the minister whether they were accurate and he refused to answer. I will give him a chance right now. If he will tell us that there is not a word of truth in any of these excerpts that have appeared in the press, I shall be glad to give him the opportunity to do so.

An hon. Member: Put up or shut up.

Mr. Pearson: In the face of this shrieking silence, Mr. Speaker, there is only one way to find out; and it is regrettable, as I said before, that this is the thing that has to be done. This report should now be tabled; it should be published. I think that is regrettable, as I have said, because these reports are secret and confidential to a minister from officials and they should be kept as such. But the publication of these excerpts which have not been denied by any member of the government certainly prompts certain observations and certain reflections. The first of these—and it is important—is that, by this publication and by the reaction of the minister to this publication, at least as it appears in the press and making full allowance for his denial this afternoon, this publication has brought the whole civil service under suspicion. That is the most regrettable aspect of this regrettable business and it is, I suggest, made worse by the statements attributed to the Minister of Trade and Commerce regarding searching inquiries, investigations, et cetera. These alleged statements, some of which the minister denied this afternoon—and we accept his denial—

Mr. Pickersgill: Some he did not deny.

Mr. Pearson: —are made all the more damaging because of other observations made in this house by hon. members of the party in power respecting the impartiality and objectivity of the civil service. Therefore, in the light of those statements some of which were made in this house the other night, the situation in regard to this report is bound to be misread, misunderstood and to be related to these earlier criticisms. I suggest that they

will have a bad effect on the morale of the civil service and this matter should be cleared up.

So far as the origin of the leak is concerned, there has been a good deal of speculation and I can assure you, Mr. Speaker, that we on this side of the house have had no access whatsoever, direct or indirect, to this report or to any of its parts before these excerpts were published in the Toronto *Star*.

Some hon. Members: Oh, oh.

Mr. Pearson: So far as we are concerned the report remains a hidden report and all speculation on that score can be silenced.

Mr. Churchill: Would the hon. member permit a question. Has he seen the report since its publication, so-called, in the *Star*?

Mr. Pearson: No, Mr. Speaker, I can assure my hon. friend that I have not seen the report before or since the publication of these excerpts and furthermore I have no desire to see it until it is made public now in the proper, official way, because of the circumstances surrounding it.

Mr. Churchill: May I ask a supplementary question; have any of the hon. member's colleagues seen the report?

Mr. Pearson: I have discussed this matter with my colleagues and none of them have seen this report.

I do not know how this report got out—there is a good deal of interesting speculation in the press that it might have come from one side or the other, from political sources or from official sources, and by political sources I include cabinet ministers—this is all speculation. I recall that a friend of mine some years ago left the civil service to join the cabinet and after he left his first cabinet meeting he was accosted by one of his friends high up in the civil service who said to him "remember, from now on you are not an official source, you are a cabinet leak".

But far more important than that is something of a very important and serious nature. More important than how the leak occurred is the fact that the events of the last few days, when they are related to what happened on January 20 last, mean that economic forecasting by officials in Canada, to which the Canadian governments have become accustomed and upon which they have come to rely, has now for all practical purposes been weakened and prejudiced.

These annual reports, which as I said earlier have been made without interruption since 1946, have proved to be most valuable to the Canadian government in the elaboration of their proper economic and fiscal policies. From now on I am afraid the government will have to define its policies and determine its budget without nearly as much useful and objective independent expert assistance as they have secured in the past.

Mr. Fulton: Why do you not blame the Toronto *Star* for that?

Mr. Pickersgill: The person to blame is right there.

Mr. Pearson: The usefulness of this kind of report has been prejudiced. In view of what the Minister of Justice (Mr. Fulton) has just said by way of interjection it must be quite clear, or it must be made quite clear, that the person who must bear the greatest share of responsibility for the weakening and perhaps even the ultimate destruction of this most valuable government economic service is not the man who was responsible for the leak—reprehensible though that might have been—but the Prime Minister himself because of what he did last January.

Some hon. Members: Hear, hear.

Mr. Pearson: Because of the improper use he made of the so-called hidden report last January and during the election campaign, he now has to accept the responsibility for the most regrettable fact that Canadian official economic forecasting which has been a confidential, valuable, and independent service to the government during the past 10 years have now become or are in danger of becoming a political football, hot news. As a result of that action of January 20 it looks as if leaks are far more likely to happen in the future. I remember at that time, and perhaps the Prime Minister will also remember, that I among others warned him that the consequences of his action might be serious.

My final comment is that if these excerpts are accurate—and there is no evidence that they are not 100 per cent accurate because the government would have given us their assurance if this had not been so; they are certainly under an obligation to let us know if these reports are inaccurate after the discussions this afternoon—then there are substantial and important differences between the comments made by the Minister of Finance during his budget speech and these excerpts from the hidden report on the Canadian economic situation. These differences have to do with very important matters such as the probable gross national product, prices, employment and unemployment. The minister said that this really had nothing to do with him because he is the man who

takes the responsibility for making the decisions in regard to his budget and his budget speech—and that is perfectly right. That, however, is not the position taken by the Prime Minister when he accused us of not basing our budget in 1957 on selected excerpts from the report of 1957. It is quite true that the minister makes his own budget speech and takes his own responsibility for it but it is also true that any minister of finance should take into consideration whatever expert advice he can get and this report is one of the most important sources of such advice and was used as such by his predecessor.

I would like to ask the Minister of Finance whether he has seen this report. The Minister of Trade and Commerce may not have seen it, but has the Minister of Finance seen it and did he use it in the calculations for his budget statement? It will be very interesting indeed if, the Minister of Trade and Commerce having expressed a rather cavalier attitude of ignorance with regard to this report, the Minister of Finance in another department than that in which the document originated had studied it very carefully before he prepared his budget. I would like to ask the minister if he would be interested in answering whether this was the case, whether he had access to this report before he drafted his budget statement. Perhaps he will answer during the course of this debate.

There are, however, some very important discrepancies between the excerpts from the report and the statements of the Minister of Finance with regard to these important matters I have mentioned. These discrepancies have a most important bearing on the present situation in Canada with respect to economic and financial questions, I think we should be told in order to clear up doubts and uncertainties as to where we stand in regard to these differences. We were in a great deal of doubt last spring because we had had no national accounting or any indication concerning the budget. We are rapidly approaching a period of doubt, uncertainty and confusion now because of the contradictions between the excerpts from this report and the statements made by the Minister of Finance in regard to some very important matters. For instance, the Minister of Finance—and I am quoting from his budget speech—

Mr. Fleming (Eglinton): Page?

Mr. Pearson: I do not have the page numbers of all of these quotations but surely the hon. member must remember this speech.

Mr. Fleming (Eglinton): There were 20 pages of it you know. It might be helpful to have the page numbers.

[Mr. Pearson.]

Mr. Pearson: I am paraphrasing at the moment and if the Minister of Finance objects—

Mr. Fleming (Eglinton): I can tell my hon. friend right now that I will object to his paraphrasing. He has access to the record of my speech and he should use the exact words and not resort to paraphrasing.

Mr. Pearson: Perhaps the minister will let me proceed. The Minister of Finance said that once again the latest figures are encouraging, showing a rapidly narrowing gap in the percentage of unemployed as compared with a year ago. I am sure the minister will agree that that is an accurate indication of what he said, but the trade and commerce report forecast average unemployment during 1958 would be up 67 per cent over 1957.

Mr. Diefenbaker: From what is the hon. gentleman quoting?

Mr. Pearson: The minister's budget speech.

Mr. Fulton: What report?

Mr. Pearson: I am quoting from excerpts of the report of the Department of Trade and Commerce which appeared in the Toronto *Star* and which have not been denied as to their accuracy by any member on the other side.

Some hon. Members: Oh, oh.

Mr. Pearson: If the Prime Minister has read the Toronto *Star* report and if he has read the trade and commerce report itself will he now rise in his place and tell me that those excerpts are inaccurate.

Mr. Diefenbaker: I have not read the Toronto *Star*.

Mr. Pearson: The Minister of Finance in his budget speech said there are hopeful signs that we have reached the end of the recent decline. Moreover, he added, the problem has moved more clearly into the domestic field. The excerpts from the report in the press with relation to this point indicated that the key weaknesses underlying the present contradiction seem likely to persist for the current year and probably beyond.

The Minister of Finance said, and I am sure he will remember this portion of his budget speech, that assuming normal crops, stable prices and no untoward external events he was basing his revenue forecasts on a gross national product of $32 billion which is about 2 per cent above the level achieved in 1957. I take it that that is an accurate statement of what the minister said. But the report from the Department of Trade and Commerce—

Mr. Green: In the Toronto *Star*.

Mr. Pearson: —in the excerpts that appeared in the Toronto *Star* and which have not been denied by members of the government forecast a gross national product rise of only .7 per cent or $350 million less than that forecast by the Minister of Finance.

The minister in his budget speech said he expected that in the absence of immediate inflationary pressures there would be no general increase in prices during the balance of 1958. He estimated that the cost of living would remain stable during the current year and on that assumption he based his budgetary calculations and his deficit while the trade and commerce report as it appeared in the excerpts in the Toronto *Star* indicated that the cost of living index is still edging upward with no indication of an early change in this trend in sight. These are important differences in regard to vital indices governing economic and financial calculations that will be made by the government during the current year and if the appraisal in the excerpts from this report prove to be right—

Mr. Green: From the Toronto *Star*.

Mr. Fulton: Alleged excerpts.

Mr. Pearson: Excerpts that appeared in the Toronto *Star* from the alleged report of the Department of Trade and Commerce which after three days have not brought forth a word of denial from any minister.

Mr. Harkness: Why not save time by citing the Toronto *Star*?

Mr. Fulton: Alleged excerpts.

Mr. Pearson: If these excerpts are accurate in the face of no denial from any member of the government or if no member of the government has been sufficiently interested in this very important press report to check the excerpts against the original report to be in a position to inform us whether they are accurate—

Mr. Fulton: We do not attach the same importance to the Toronto *Star* that you do.

Mr. Pearson: In either case, Mr. Speaker, the government is condemned for gross negligence in a matter of the greatest possible importance to the economic and financial situation in the country.

Mr. Harkness: Condemned by the unreliable Toronto *Star*.

Mr. Pearson: My hon. friends keep returning to that point—condemned by the unreliable Toronto *Star*—but no hon. gentleman on the other side of the house has denied the report and it is interesting to note that during the dinner hour they did not get the Toronto *Star*, read the press report and check it against the original report of the Department of Trade and Commerce. Why did they not do that?

Mr. Harkness: Was there ever a time when the Toronto *Star* did not condemn us?

Mr. Pearson: The fact is, Mr. Speaker, that in the absence of any denial on the part of the government concerning the accuracy of the press report the people of this country will accept these excerpts as genuine and accurate, and the fact that they contradict in some respects the economic and financial prospects for 1958 made by the Minister of Finance in his budget speech is going to cause a great deal of uneasiness in this country. I suggest that it is time for the government to clear up this matter. I repeat that the only way this can be done, the only way the government can show it has good faith and can brand these excerpts as inaccurate, if it wants to, is by tabling this report. I have said it twice before and I will say it again. It is regrettable because this is not the course that should be followed in connection with a report of this kind, a confidential and secret report from government officials to their ministers. But I also say once again that the person on whom the blame must rest for the fact that the report should be tabled and that it should be done in this way and for the fact that the whole system of economic reporting is now prejudiced is the Prime Minister himself.

The damage was done last January, Mr. Speaker. It was done for partisan, political purposes when carefully selected excerpts from a confidential report which had not up to that time ever been made public were read by the Prime Minister in this house. The foundation of confidence in the procedure that had existed over the years was weakened as a result of that. What followed since January 20 was a depressing but natural development stemming from that original misdeed. And the result of that, has been that a system of economic reporting confidential, admirable, essential for the formulation of economic policy has been weakened, I hope not beyond repair. The entire system of economic reporting has now been prejudiced. That, Mr. Speaker, is the main burden of our attack on the government in this matter. That underlines their irresponsibility.

It was easy for the Prime Minister last January 20 to pick up this report and remove the cover which was marked confidential and take out a few excerpts to prove his particular points and thus make contents of the report public. He knew perfectly well—and if he did not he should have known it—

that this was a report that was not meant to be made public. He knew perfectly well—and again if he did not he should have known it—that it was a confidential report used by the government in making its economic calculations. If it was right for the Liberal government to maintain the confidential character of the 1957 report at that time it is right for this government to maintain the confidential character of the 1958 report. But if the Liberal government erred—and that is a mild word—and if the Liberal government is to be condemned and castigated for not making the report of 1957 public, what can we say about a government that in the light of all the existing circumstances and in the light of all the speculation, misunderstanding, uncertainty, doubt and confusion that has been caused by the excerpts that have appeared in print from this report refuses to make the original report public; when the members of that government deny any knowledge of the report let alone any excerpts in the press from it? And so, Mr. Speaker, I move, seconded by the hon. member for Laurier (Mr. Chevrier):

That all the words after "That" to the end of the question be deleted and the following substituted therefor:

"this house is of the opinion that the actions of the government in connection with 'The Canadian Economic Outlook' have seriously weakened the value of confidential advice from civil servants with resultant damage to the proper formulation of economic and fiscal policies."

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, history repeats itself. Those who sat in this house on the 20th day of January cannot fail, I am sure, to recall the complete similarity of circumstance that we are confronted with at this moment, a roaring, volcanic speech from the Leader of the Opposition (Mr. Pearson) and behold, the amendment, a puny, forlorn, ill-begotten runt.

Is your mind not transported back, Mr. Speaker, to the 20th day of January, the Leader of the Opposition making his maiden speech in the house after his election at the Liberal convention the week before, leading charge after charge against the treasury benches, charge after charge? Then, Mr. Speaker, you remember that he followed it up with an amendment that was so extraordinary that he could not even keep a straight face himself in reading it to the house. And, Mr. Speaker, what we have seen in this house tonight is a repetition in kind of that sorry spectacle.

You will remember that amazing episode, Mr. Speaker, the Leader of the Opposition—and those of us who have known him a long time were hoping for something better on that occasion, in fact, something a whole lot better from him, and then to everybody's chagrin—and I am sure most of all to the chagrin of his friends and followers—what was brought in, that monumental amendment to a supply motion just like today, Mr. Speaker, in which he asked that:

His Excellency's advisers should, in the opinion of this house, submit their resignation forthwith.

Mr. Speaker, he made constitutional history that day and it was not very good constitutional history, either, and what he has done today is not very much better. We have heard from the hon. gentleman this night statements that would, if taken seriously by anyone in this house,—and I am sure they will not be—condemn this government fore and aft, foot, horse and artillery, everything, and yet, Mr. Speaker, does he say that His Excellency's advisers should submit their resignations as being unfit to hold office? No. That one apparently is taboo now. That one is not to be repeated since the 20th day of January. The effects that time were not of a kind to be desired ever again by the hon. gentleman. One would have thought that there might at least have been room in the amendment for some denunciation of His Excellency's advisers after the cascades and torrents of, I shall not say abuse but at least of invective, invective hurled at the head of the Prime Minister (Mr. Diefenbaker), hurled at the government. Mr. Speaker, it was a great opportunity for the hon. gentleman to match his brave words and his accusations with something at least manly and courageous in the amendment. But what do our disappointed eyes behold? This is the squib:

This house is of the opinion that the actions of the government in connection with "The Canadian Economic Outlook"—

This is in quotations, Mr. Speaker; there is no date given to it. I continue:

—have seriously weakened the value of confidential advice from civil servants with resultant damage to the proper formulation of economic and fiscal policies.

This is so forlorn it is obviously a product of a combination of disappointment, frustration and fear, Mr. Speaker. I wonder whether the hon. gentleman drafted this. It looks again like the handwork of the hon. member for Bonavista-Twillingate.

Mr. Pickersgill: Mr. Speaker, I think perhaps I have a question of privilege. I deny the authorship, and the hon. gentleman knows what the rules are with respect to denials; but I would like to ask the minister a question. What would be the effect of the passage of this motion?

Mr. Fleming (Eglinton): Mr. Speaker, I withdraw from the hon. gentleman the credit

that I was giving to him for at least having the confidence of his leader to draw an amendment.

Mr. Pearson: Mr. Speaker, since the minister is seeking the author of this amendment, I may tell him that I am the author and it is a vote of no confidence in the government. What more does he want?

Mr. Fleming (Eglinton): It is interesting to have the assurance of the Leader of the Opposition that this is intended to be a vote of want of confidence in the government. I tell you it would take somebody reading this with a fine tooth comb and a magnifying glass even to guess that it was a want-of-confidence motion in the government.

Mr. Pickersgill: Will the minister permit a question?

Mr. Fleming (Eglinton): I hope, Mr. Speaker, that in the course of time when hon. members opposite adjust themselves to the realities of the situation, that when they come to draft motions of want of confidence in the government, they will speak out bodly and let everybody know that they have no confidence in the government, and have the courage at the same time to set forth the reasons why and not, as we have seen tonight, to start off with bold charges running east, west and north and then finish up with a poor little squib headed south.

Mr. Pickersgill: Will the minister now permit a question? I should like to now ask the minister whether it is a fine tooth comb that the Minister of Trade and Commerce uses when he reads his reports?

Mr. Fleming (Eglinton): Mr. Speaker, many times in this house I thought a fine tooth comb would be of great assistance to my hon. friend.

Mr. Pearson: That is not a very good retort.

Mr. Pickersgill: I would accept an ordinary comb.

Mr. Fleming (Eglinton): Mr. Speaker, this ill-begotten and almost fatherless amendment refers to the Canadian Economic Outlook. It puts it in quotation marks but it does not identify it; it does not say it is a publication; it just says:

> —the actions of the government in connection with "The Canadian Economic Outlook"—

Mr. Pearson: Don't you know what it is?

Mr. Fleming (Eglinton): Hon. members opposite seem to have some trouble identifying this and I suppose it is another thing to be taken on assumption. I do recall that there was a Canadian Economic Outlook that was referred to in the debate on January 20, and I can only assume—

Mr. Pickersgill: Also on June 18.

Mr. Fleming (Eglinton): —that the Leader of the Opposition is referring to that. I can well understand, Mr. Speaker, why the Leader of the Opposition sought, however vainly, to fight Waterloo over again. Waterloo is still Waterloo, Mr. Speaker, and the 20th day of January, 1958 is still Waterloo to the Leader of the Opposition, and all of this refighting, this sham battle that has been fought by the Leader of the Opposition tonight, the charges that he led over the field, do not change the fact of Waterloo, or what Waterloo meant to the Leader of the Opposition on that day. When at the end of the day he looked about over the stricken field and when—

An hon. Member: He walked alone.

Mr. Fleming (Eglinton): —he walked out of this house alone there was not one of his followers who even stood by him as he walked out of the house that night.

Mr. Pearson: Cheap.

Mr. Fleming (Eglinton): I am talking about what we saw. It is unfortunate—

Mr. Pearson: Very cheap.

Mr. Fleming (Eglinton): —that the Leader of the Opposition—

Mr. Pickersgill: There was no flag.

Mr. Fleming (Eglinton): —chose to make the stand that he did that day but he has not succeeded in refighting the field.

Mr. Crestohl: Why don't you deal with the facts?

Mr. Fleming (Eglinton): Waterloo remains Waterloo.

Mr. Pickersgill: You said that before.

Mr. Fleming (Eglinton): The hon. gentleman said at the outset of his remarks—

Mr. Winch: Why don't you get down to the point?

Mr. Fleming (Eglinton): —that this was the last motion to resolve the house into committee of supply at this session. That is true and I am beginning to think that hon. members opposite must heave a sigh of relief that this is so when they have to go and scrape the bottom of the barrel, as the Leader of the Opposition did today, to find something to form a motion that he says is intended to be a motion of want of confidence in the government. Now, Mr. Speaker, if the hon. gentleman wishes to pursue the tactics that

have become so familiar during this session of seeking to fight the battles of the election all over again, I suppose we will have to do that as long as supply motions last in succeeding sessions.

Mr. Regier: Order.

Mr. Fleming (Eglinton): I thought this was a place of free speech. I thought the government was permitted to speak but apparently those hon. gentlemen to your left, Mr. Speaker, are making the rules of order and trimming down the rights of free speech in the house.

Mr. Winch: How about that report?

Mr. Speaker: If there is any point of order, will the hon. member please rise and state it.

Mr. Regier: I am very pleased to do so, Mr. Speaker. I have listened to the hon. member for 14 minutes, I believe, and he has not mentioned the report which is the subject matter of the amendment.

Mr. Fleming (Eglinton): Mr. Speaker, I hope someone will provide the hon. gentleman with an alarm clock. What we were asked to reconsider, to revise in the light of history, indeed, to rewrite history in connection therewith, was the introduction on the twentieth of January into this house by the Prime Minister of a report. That is the issue that has been raised here this night.

Mr. Winch: No, it isn't.

Mr. Fleming (Eglinton): We were told by the Leader of the Opposition tonight that the former minister of finance had read that report. Mr. Speaker, that is the issue that arose at that time and it will not be forgotten that in the debate on that occasion mention was made of the fact that the minister of finance at that time had, in introducing his budget speech, made a statement as follows:

I come now to consider the economic prospects for the coming fiscal year. On the present evidence—

Mr. Martin (Essex East): What page?

Mr. Pickersgill: What page?

Mr. Fleming (Eglinton): I continue:

—I think we can expect a continuation of the current high level of economic activity throughout the coming year.

Mr. Martin (Essex East): What page?

Mr. Fleming (Eglinton): That was the statement. You will find it in *Hansard* of March 14, 1957 and it was quoted in the debate on January 21, 1958, at page 3568.

Mr. Pickersgill: What page is it in Mr. Harris' speech?

[Mr. Fleming (Eglinton).]

Mr. Fleming (Eglinton): If the hon. gentleman can still read he will find it in Mr. Harris' speech of March 14.

Mr. Pickersgill: Would the minister do us the courtesy of giving us the page reference so that we can see the context?

Mr. Fleming (Eglinton): If the hon. gentleman will come to my office at ten o'clock I will be glad to look up the page for him—

Mr. Pickersgill: I can look it up long before that myself.

Mr. Fleming (Eglinton): —if he has lost all ability to look it up himself.

Mr. Pickersgill: I have it. It is page 2216.

Mr. Fleming (Eglinton): Well, the hon. gentleman knows it.

Mr. Pickersgill: I have found it now.

Mr. Fleming (Eglinton): What do you make of that? Isn't he foxy, Mr. Speaker? He had it there all the time.

Mr. Pickersgill: Yes, I rather anticipated this red herring.

Mr. Fleming (Eglinton): Oh, but he is bright! Mr. Speaker, we are told by the Leader of the Opposition that such reports are confidential and should not be disclosed but in the face of having said that he now says that the proper course is that some report, which he does not identify in this amendment but which he kept talking about in his speech at times, should be tabled now.

Mr. Pearson: Mr. Speaker, I rise on a point of order. That is an entirely inaccurate statement. The report which I said should be tabled now is the report which I identified as "Canadian Economic Prospects, 1958".

Mr. Pickersgill: Outlook.

Mr. Pearson: "Outlook", and the reason I said it should be tabled now is that it has already been given out.

Mr. Fleming (Eglinton): It is too bad that the hon. gentleman cannot still make these amendments that he has in his mind but his own motion has not identified the document about which he is talking. Let us have this perfectly clear. I do not believe this house will ever hear a more extraordinary example of self-contradiction than it has heard from the hon. gentleman tonight who says that some document or other about which he talks should not be disclosed because it is confidential and then spends half of his time arguing for the disclosure of some document.

Mr. Pearson: After it has leaked out to the press.

Mr. Fleming (Eglinton): I want to make this abundantly clear. We on this side of the house are quite prepared to meet the attack that the hon. gentleman has made on the budget forecast in the course of his speech but not in his amendment. Mr. Speaker, the thing that irks the hon. gentleman and his followers in connection with the budget forecast is that it was not pessimistic enough. You see, Mr. Speaker, the whole speech that the hon. gentleman has made tonight in essence simmers down to this, that if the budget forecast had been very pessimistic there would have been no occasion for him to make a speech tonight. There would have been nothing for him to talk about. His objection is that the budget forecast was not pessimistic enough.

Mr. Pickersgill: That is exactly what the Prime Minister said on January 20.

Mr. Fleming (Eglinton): That is the whole story. As we said to the hon. gentlemen opposite a few weeks ago in the course of the budget debate, which they evidently wish to start all over again, in their whole attitude and in their remarks they are prophets of gloom and their words are calculated to do harm to the best interests of Canada.

Some hon. Members: Hear, hear!

Mr. Pickersgill: All we want is the truth.

Mr. Fleming (Eglinton): Now, Mr. Speaker, I wish to talk about the basis of the charge that the Leader of the Opposition has made. He has resorted to a newspaper report, a report in a newspaper not renowned for its accuracy nor animated by any desire to be fair to anybody who calls himself a Conservative. I will tell you at once, sir, that I have a very soft spot in my heart for the Toronto *Star*. When I was in municipal life in Toronto they always gave me solid support but the moment I went into federal politics in 1945 and became a Conservative candidate the editor told me very frankly that they would support me no longer. I had not changed. I was the same individual that day as the man they had supported the day before, but it was because I was a Conservative candidate and therefore the support they had been prepared to give me was automatically withdrawn.

All right, Mr. Speaker, that is fair enough. If a newspaper wishes to follow a party line this is a free country and that is perfectly fair. But I hope that when the house is called upon to vote condemnation in the government and to find a foundation for the kind of arraignment that has been delivered tonight by the Leader of the Opposition the house will have something better to base it upon than the overdrawn assumptions that have been made tonight by the Leader of the Opposition.

Mr. Pearson: Do you deny the report?

Mr. Fleming (Eglinton): I deny the right of any responsible member of this house to base condemnation of the government on an assumption of the kind to which he resorted tonight.

Mr. Pearson: Do you deny the report?

Mr. Fleming (Eglinton): I might as well relieve the minds of hon. gentlemen now. You see, he has been trying by these cute little tactics all afternoon and this evening to draw out of members on this side of the house some reference to a document, something that can be used by him to found an argument to you, Mr. Speaker, that we had, somehow or other, referred to some document or other, and then of course he would demand the tabling of it. I do not intend to have the rules of this house wrenched around that way to suit the whims and convenience of the hon. gentleman. I do not propose, therefore, to make any comment upon these things that the hon. member keeps talking about, and about which he wants someone on this side to make a comment, so he can then say, produce the thing that he keeps talking about. I wish to make it quite clear to him that if he wants to base a motion for the tabling of some document or other that he apparently is especially anxious to see, he will have to go about it in a frank, straightforward way, and in doing so face the fact that such a motion would be out of order, and would have been put out of order by the fancy stratagems of the hon. member for Bonavista-Twillingate (Mr. Pickersgill).

Mr. Pickersgill: May I ask the minister a question?

Mr. Fleming (Eglinton): If it is a little more sensible than some of the others, yes.

Mr. Pickersgill: May I ask the minister if he was not in the house when we passed a motion this afternoon wiping out private members' time and taking my motion off the order paper?

Mr. Pearson: Just ignore that, too.

Mr. Fleming (Eglinton): When my hon. friend talks about "wiping out", I think he had better come a little closer to the meaning of the expression he uses.

Mr. Pearson: Why don't you answer the question?

Mr. Fleming (Eglinton): There have been several statements made by the hon. member

and other hon. members opposite which I propose to wipe out now. The responsibility for the fact that this question had not been submitted to the house for a decision during this session rests with the hon. member for Bonavista-Twillingate.

On June 18 this hon. gentleman, in his eagerness, introduced a motion under the heading "Notices of Motions for Production of Papers", in which he asked for a copy of "The Canadian Economic Outlook for 1958" as published by the Department of Trade and Commerce. I do not know whether this is the document that is referred to in the amendment now before the house, but if it is—

Mr. Pickersgill: It is certainly the document referred to in the Toronto *Star*.

Mr. Fleming (Eglinton): —then the responsibility for the question not being determined by the house rests upon the shoulders of the hon. member for Bonavista-Twillingate. It will be remembered by those who wish to remember the facts, and here I offer this reminder by way of contradiction to hon. gentlemen opposite, that the Prime Minister did not refuse to table the report referred to in the notice of motion of the hon. member for Bonavista-Twillingate. What he said is recorded at page 1391 of *Hansard* for June 18, 1958, and then he was interrupted by the hon. member for Bonavista-Twillingate and prevented from completing his statement. The Prime Minister said:

> I was going to say we will produce it immediately after this year ends. It is a current report, publication of which would be detrimental until January, 1959.

Mr. McIlraith: I wonder if the minister would permit a question? Just to clarify the record, would he mind reading the whole answer on that occasion, starting at the first. It is at the top of page 1391.

Mr. Fleming (Eglinton): Yes.

> Mr. Speaker, the government finds it necessary to oppose this motion, on the ground that "The Canadian Economic Outlook for 1958", is a confidential document.

Then, there was an interjection from the hon. member for Bonavista-Twillingate—

Mr. McIlraith: No, Mr. Speaker.

Mr. Fleming (Eglinton): —and he raised a point of order. He sought to prevent the Prime Minister from even making a statement of his position.

Mr. Pickersgill: From making a statement to which no reply could be made.

Mr. Fleming (Eglinton): It has been the practice of this house, as the hon. gentleman knows, to permit a short statement to be made.

[Mr. Fleming (Eglinton).]

Mr. Speaker: Order. The hon. member for Ottawa West (Mr. McIlraith) wants to raise a point of order, as I understand it.

Mr. McIlraith: No, it was a question of privilege. I had asked the minister to read the Prime Minister's answer, and he then proceeded to read another part of the Prime Minister's statement in answer to my request. Hon. members in the house were being led to believe that he was reading the answer of the Prime Minister on that occasion.

Mr. Fleming (Eglinton): I am certainly leading the house to believe that what I am reading now is the statement of the Prime Minister on that occasion, for which I thought the hon. member for Ottawa West had asked. I am going on to read the balance of that: I went right to the beginning of the Prime Minister's statement at the top of the page. If I had not done that my hon. friend would have been jumping up and stating that I had not started at the beginning. I am starting at the beginning, and I am going to give him full value so he might as well possess his soul in patience because he is going to hear the whole thing.

The hon. member for Bonavista-Twillingate had jumped in and tried to stop the Prime Minister from speaking. You will see, Mr. Speaker, that his interjection on this occasion is longer than the three short remarks which, in the aggregate, the Prime Minister was permitted to make amongst the various interruptions by the hon. member for Bonavista-Twillingate.

Mr. Pickersgill: Of course, it was a point of order to which the hon. gentleman used to pay some attention.

Mr. Fleming (Eglinton): Yes, when we were raising points of order they were serious, and not these silly, vapid points of order that are raised nowadays by hon. gentlemen.

Mr. Pickersgill: Mr. Speaker, I was never suspended by the Speaker.

Mr. Speaker: I suggest that the minister proceed with the speech he intended to make. The exchange of points of order is becoming too rapid for me to keep up with them.

Mr. Fleming (Eglinton): This is the statement of the Prime Minister:

> Yes, I was just following the course that the hon. gentleman himself followed on January 20, 1954, when he set forth the reasons for his objection to certain productions. I was going to say we will produce it immediately after this year ends. It is a current report, publication of which would be detrimental until January, 1959.

That, Mr. Speaker, was all the Prime Minister was permitted to say on that occasion. Then, the hon. member for Bonavista-Twillingate sought to exercise what he said was his option of having this motion—

Mr. Pickersgill: I am rising on a point of order.

Mr. Fleming (Eglinton): —of having this motion transferred—

Mr. Pickersgill: I am rising on a point of order. I think the hon. gentleman is now embarking upon a subject upon which Your Honour made a ruling on that particular day. I believe it is against the rules of this house to discuss Your Honour's ruling.

Mr. Speaker: It seems to me that a reference to the action of the government with respect to the report is pertinent to the amendment, and I cannot stop that.

Mr. Pickersgill: No, the hon. gentleman was embarking upon his version of what I had done.

Mr. Speaker: As long as he does not question what the Speaker did, it will be all right.

Mr. Fleming (Eglinton): I was not questioning what anybody did. I simply wished to put the record straight, and hon. gentlemen opposite with it. The hon. member for Bonavista-Twillingate is no reader of my mind, I can tell him, if he thinks I am embarking upon some sea of his choosing. It was at that point he demanded the right to exercise his option to have this motion transferred to private members' notices of motion. This right you accorded to him, and that is the reason the house was deprived of the opportunity to make its decision on that motion. It was at the instance of the hon. gentleman that that motion was transferred to notices of motion, and his instance alone.

Although the hon. gentleman opposite has chosen to base his attack upon conjecture, since in one of his fleeting references in the course of this phantom speech of his he talked about the budget and the bases for the budget forecast, I propose to meet him on that ground. With apologies for trespassing upon its patience, I shall ask the house patiently to recall what were the bases of the budget forecast and to judge whether the house and country were given a fair, reasonable and straightforward foundation upon which to base their views with regard to the budget forecasts that were submitted to this house by the government.

An hon. Member: The answer is no.

Mr. Fleming (Eglinton): I shall ask the house to have regard to the tenor of the speech and not the individual sentences wrenched out of context by my hon. friend or others, nor to be guided in their judgment as to what were budget forecasts or bases by statements that have been distorted beyond recognition. What we ask for is that the house consider all of the budget forecasts and all the bases upon which those budget forecasts were founded.

Mr. Pickersgill: Will the minister permit a question?

Mr. Fleming (Eglinton): Oh yes; ten more.

Mr. Pickersgill: Would the minister tell us which statements he said had been distorted?

Mr. Fleming (Eglinton): If my hon. friend will wait and exercise that patience which I, with apologies, asked of him, I think he will have an ample answer to his question. I do ask him, a generous if somewhat foxy member of the house, not to ask for the conclusion before he has heard the evidence. We on this side of the house believe in presenting evidence, not conjecture.

Mr. Pickersgill: Not the Minister of Agriculture.

Mr. Chevrier: The Minister of Agriculture does not understand what evidence is.

Mr. Fleming (Eglinton): In the budget speech the budget bases, the bases of the budget forecasts, are all there in *Hansard* at pages 1230 to 1250. It is very plainly written. In addition, let me remind the house that all the pertinent statistics upon which the budget is based are recorded in something like 100 pages of statistics in the white paper. How can any serious and responsible member of this house talk about being misled? If he is misled, it is because he has not taken the elementary precaution of doing what is the simple duty of any member of this house, namely to inform himself on the facts, the statistics, which are a matter of record here,—

Mr. Pickersgill: And were in Mr. Harris' budget.

Mr. Fleming (Eglinton): —so that he will then be in a position to bring an intelligent opinion to bear upon the issues.

Mr. Pearson: Why did you pillory your predecessor? He had the same information.

Mr. Fleming (Eglinton): The previous minister of finance will stand responsible, in the light of his statement as to what was the outlook on the basis of what he said was all the evidence, when if all the evidence had entered into his budget forecast it would have been a very different story and the people of this country would have known

that which the former government did their best to prevent the people of Canada from knowing.

Mr. Pickersgill: That statement is not true.

Mr. Fleming (Eglinton): And what is more, this house then would have had the opportunity which hon. gentlemen opposite, when they were in the government, sought by their most strenuous efforts to deny to the house; the house would have had the opportunity of assessing the utter failure of hon. members opposite to prepare for a condition of unemployment and recession which that report warned that government was coming if they took no steps to prevent it.

Mr. Pickersgill: And which the Minister of Labour said in December did not exist.

Mr. Fleming (Eglinton): That is the issue that the people of this country fully understood on March 31. All this talk tonight on the part of hon. gentlemen opposite is not going to change that fact. The people of this country are intelligent people. They are not going to be misled by statements of the kind made tonight by the Leader of the Opposition into thinking that they misjudged the situation. The people of this country judged that situation clearly, fairly and thoroughly and I do not think they are going to relish being told now by the Leader of the Opposition that they made a mistake and that they did not know what they were passing on. The people of this country are still masters of this country. Our responsibility is to them.

Mr. Pearson: Why don't you deal with the issue?

Mr. Pickersgill: Until the next election your responsibility is to this house.

Mr. Fleming (Eglinton): Let us look at what it is that we are accused of. You see, Mr. Speaker, this whole show that was put on here tonight, like the show that was put on here this afternoon by hon. gentlemen opposite, was just a bogus exhibition. It would have done credit to a side show in some of the exhibitions that will be opening within the next three or four weeks.

Mr. Pearson: Order.

Mr. Fleming (Eglinton): This demonstration in the house I am sure will convince no one, not even those hon. gentlemen themselves. What they seek to do, Mr. Speaker, was somehow or other to say things that would, by one means or another coax out of this side of the house the production of some document or other or some reference to some document that would enable them to say, "Well, you have referred to it and now you must table it". It therefore was just a smokescreen.

Let us deal with the issues that have been raised here, Mr. Speaker. We are told, for instance, that we did not give the people of Canada sufficient pessimism in the budget forecast. Here is the story, Mr. Speaker, and hon. gentlemen can judge now, in the light of the assumptions that were referred by the Leader of the Opposition tonight, whether this budget forecast was based upon a sound estimate of all the factors at work in the Canadian economy on June 17 when the budget was delivered in the house. For instance, as found at page 1231 of *Hansard*, I began with this reference in the four pages of review of the economic situation to be found at pages 1231 to 1235. I began, Mr. Speaker, with this statement:

> During the past eighteen months Canada shared with most of the rest of the world some slackening in the pace of economic growth. Business activity declined in the United States, and the rate of expansion slowed in western Europe. In Canada unemployment emerged as a serious problem and declining business capital investment as a significant developing tendency. Nevertheless, it would be a mistake to forget that there were solid achievements on the economic side and developments which augur well for the future.

Will anyone say that is an unbalanced statement or that the government turned its back upon the less favourable features in the economic situation as of that time? Then further along on the page I refer to the fact that the rate of economic growth slowed noticeably during 1957. Then as found at page 1232, I said:

> The most important change which emerged during 1957 was the decline in the importance of business capital investment as a dynamic force in our economy, particularly investment in our resource industries.

Yet the Leader of the Opposition tonight has the temerity to say that the Minister of Finance in his budget speech did not take account of the decline in the amount of business capital investment in the economic life of this country. It is unfortunate that the hon. gentleman did not read the speech but contented himself with reading some excerpts from my speech that were quoted in the Toronto *Star*. If he is talking about excerpts, why does he not read the full document that was open to him to read? He has given an example here of a man who is very selective about excerpts when they serve his purpose. Again, Mr. Speaker, as found at page 1232 of *Hansard*, I said:

> Early in 1957 many commodity markets moved into a position of over-supply.

And again:

> By mid-1957 the value of large capital projects being started began to run behind the value of projects being completed.

Then again I make this reference:

In 1956 capital expenditure rose by 20 per cent and together with increased inventory accumulation accounted for almost one-half the very large increase in total demand. In 1957 there was a much more moderate rise of nine per cent in capital expenditure. More important was the fact that during 1956 capital expenditure was rising at a rapid rate while in 1957 investment outlays as a whole first levelled out and then declined slightly. The slow-down in the rate of capital investment was accentuated by the inventory liquidation which developed toward the end of the year. This reduction in inventories continued into the first quarter of 1958, which has meant that to some extent the demands for goods is being met out of stocks rather than giving rise to new production.

And again:

Although business capital investment ended the year on a weaker note than it had begun,—

And again:

Consumer expenditure was an important sustaining force in 1957, and at the end of 1957 was running about four per cent higher than a year earlier. Expenditure on durable goods, however, showed practically no increase over the previous year, reflecting in part the slower growth of incomes but also the rapid expansion in 1955 and 1956 which was based upon large increases in consumer credit.

And again, Mr. Speaker, at page 1233 we find the following:

The combination of somewhat less favourable employment opportunities with a rapidly expanding labour force resulted in an increase in unemployment. As employment was higher through 1957 than through 1956, so also was unemployment.

For 1957 as a whole the average number of persons without jobs and seeking work was 254,000, an increase of 75,000 over 1956. As a percentage of the labour force, unemployment in 1957 averaged 4.3 per cent, equalling the rate in 1954.

Again in the second column on page 1233 I said:

Corporate profits declined by 11 per cent as costs rose and markets became more competitive.

And again:

Personal saving was down about 5 per cent—

Does this suggest that in this budget presentation we ignored the less agreeable facts of the situation? Does this suggest any attempt to gloss over the unfavourable factors? On the contrary, I believe it shows that the assessment of the forces at work in the Canadian economy was fair, balanced and frank. It was not the kind of assessment which the hon. Leader of the Opposition was tonight trying to persuade the house to believe it was but, of course, he was selective. He was not looking for any opportunity to give a balanced presentation—

Mr. Pickersgill: How could one?

Mr. Fleming (Eglinton): —or a fair presentation of the budget speech to this house. He sought to approach the matter with an extraordinary degree of selectivity—

Mr. Martin (Essex East): Would the minister permit a question?

Mr. Fleming (Eglinton): Always for my dear friend the hon. member for Essex East.

Mr. Martin (Essex East): In respect to the forecasts on which my hon. friend planned his budget my recollection is—and I would like to be corrected on this—that the hon. gentleman made no reference to the unemployment situation as it would develop in the period ahead in so far as he was able to ascertain the evidence.

Mr. Fleming (Eglinton): I did not attempt to catalogue month by month the course of the estimated figures on unemployment because I did not think anybody could possibly be persuaded to look at such a forecast as having any very great accuracy. The people of this country, after all, had had some experience with the hon. gentlemen opposite in that respect. They remembered, for instance, that at the Liberal national convention last January my hon. friend from Essex East, the Leader of the Opposition and others were bandying about fantastic figures which were never true figures of unemployment in this country. The most recent accurate figures were 380,000 and they were bandying around the figure of 800,000 unemployed which they were talking about as though it were a fact. I know how they arrived at this figure. What they did was a simple arithmetical process. They took the most recent authentic government figure and multiplied it by two and then, for good measure, they added 40,000. The budget speech gave the facts to the house and I know my hon. friend opposite would apply the same arithmetical formula to any figures put forward. I suppose he will do the same thing as long as he is in opposition.

To pursue the subject of giving a balanced presentation in the review of the budget, however, with respect to the factors at work in the Canadian economy I should now like to continue quoting from the bottom of page 1233 of *Hansard* for June 17 last:

Thus, the consumer price index, which began to rise in mid-1956, continued upward until last October, and experienced another short period of increase in the first four months of this year. Wholesale prices, on the other hand, reached a peak in January, 1957, declined 1.4 per cent during the succeeding 10 months, and have risen again moderately since November. The rise in consumer prices offset about half the increase in average wage rates so that advance in real income during the year was about two per cent.

Does that sound in the ears of any responsible member of this house like an attempt to gloss over the disagreeable facts of the situation? I think on the contrary that to any fair-minded Canadian it is evident, even

on this incomplete review of the budget speech, that the Minister of Finance bent over backwards to give to the house and to the country a balanced presentation of the facts, whether they were agreeable or disagreeable. That being so, I have no apology to make; I make no apology that this was a balanced presentation. I make no apology to the hon. gentlemen opposite that, after weighing the unfavourable factors against the favourable factors, I came to the conclusions which were set forth in the budget speech. It is evident that hon. gentlemen opposite would have been happier if the Minister of Finance in his budget speech had limited himself and had confined his speech simply to the unfavourable factors in the Canadian economic situation and had not at the same time sought to give a balanced presentation which included the favourable factors as well. The people of Canada have shown what high esteem they have for the honourable prophets of gloom opposite.

I wish to say a word on the subject of the selectivity practised by the hon. gentlemen of the opposition. I have said that I think it is the responsibility of the minister to give a balanced presentation; I have already referred to a number of statements which I took from the four pages of the budget speech containing the review of the present economic situation in Canada but I did also say in approaching the conclusion of that review—and I put this before the house in the interests of balance—as recorded at page 1235 of *Hansard* for the same date:

> The policies of this government are assisting the growth in housing and social capital. The expanded role of social capital is illustrated in the 1958 Outlook for Private and Public Investment published by my colleague the Minister of Trade and Commerce.

The hon. gentlemen opposite should have jumped to their feet and asked for the tabling of that document—

Mr. Pickersgill: It has been tabled.

Mr. Fleming (Eglinton): It has been tabled. They are right but, Mr. Speaker, see how foxy they were. This report has been tabled. It is evident that they have not read it because they have not absorbed any of its contents. What is the use of placing reports before them when they approach the reading of them with such selectivity? Here is a document which was tabled and which should have been read by these gentlemen but they apparently do not know very much about its contents. The contents certainly did not appear in any of their speeches in the budget debate.

And then I proceed:

> Present investment intentions of business for capital outlays in 1958 are about 11 per cent below the 1957 level. Planned outlays for housing, government departments and institutional services on the other hand are 14 per cent higher.

And now, Mr. Speaker, again in the interests of balance I would turn to a later point in the budget speech by way of emphasizing the pains that were taken to put before the house and the people all of the facts whether favourable or unfavourable. I read from page 1243 of *Hansard*:

> —the main factor in bringing about the slackening in our rate of expansion has been the decline in the export demand for some of our basic resources.

And further:

> To go still further into deficit financing at this time could create conditions in which overt inflation of a degree very difficult to control might re-emerge. Indeed even now we have the somewhat paradoxical situation of simultaneous symptoms of both recession and inflation. If we go too far in the measures we take to combat what is, after all, a fairly mild recession, we might find that we had planted an inflationary time bomb which might later go off with a dangerously explosive effect. Admittedly, it is not an easy matter to judge just the right degree or balance in these matters; but in the present circumstances, it seems to me that we have, for the time being at least, a fairly sensible balance of fiscal policy, investment policy and income maintenance policies.

Mr. Speaker, was there any suggestion there of trying to bring the house down on one side of the question or to make the house think that all the factors facing the Canadian people and at work in the Canadian economy were favourable? No. I think that fair-minded hon. members will appreciate that this was an attempt to state to the house and to the Canadian people all of the factors that are at work in the Canadian economy. I hope it will not be forgotten that I ended my budget speech on—

Mr. Pearson: A note.

Mr. Fleming (Eglinton): —a note that blended confidence with stern warnings.

Mr. Pickersgill: It certainly is not forgotten.

Mr. Fleming (Eglinton): Here were the words I used in my concluding remarks, Mr. Speaker as reported at page 1250.

Mr. Pickersgill: Oh, spare us!

Mr. Fleming (Eglinton): I said:

> Moreover, I confess my concern over costs of production and prices in Canada. Only by keeping our costs of production in line with those of our competitors can we hope to achieve expanding employment and progressive improvement in our standard of living.
>
> We are in danger of becoming a high cost economy.

Mr. Pickersgill: Four and one half per cent bonds.

Mr. Fleming (Eglinton): I continue:

> Such a prospect is particularly perilous in the case of a country like Canada which must sell so

much of its production in markets abroad. Moreover, Canadian producers are encountering increasing difficulty in retaining their domestic market in the face of keen competition from abroad. Many of them under these circumstances turn to the government for a solution of their cost problem.

In a free society there is no simple formula by which the government can maintain stable prices and there is a limit to what governments can do to assist producers to hold down their costs of production. A wise government can, of course, help to promote an environment which is conducive to price stability and this government gives a high place to that duty; but to an important extent prices are the result of competition among the various economic groups which compose our nation, each striving for a greater share of the national product. I echo the warnings issued by the Prime Minister (Mr. Diefenbaker) to all sections of the Canadian people in appealing to all, whether employers, employees or self-employed, to have regard for the general interest in the returns they seek for their services and products. In a free society there is no omnipotent arbitrator who can set prices and wages at stable levels. One must depend upon the sense of responsibility of free men and women not to demand more than their fair share of the national income. As I have said on other occasions, increases in incomes can be justified by increased productivity and by increased productivity alone.

Mr. Pickersgill: Mr. Speaker, I am rising on a point of order. Is it not contrary to the rules of the house to quote at length from a debate on a subject that has been concluded?

Mr. Harkness: It took you half an hour to find it out.

Mr. Speaker: I was hoping that the minister who has the floor would not find it necessary to repeat the entire budget address in order to make his point.

Mr. Fleming (Eglinton): Mr. Speaker, it is evident that my hon. friends opposite did not absorb some of the things that were said in the budget speech; otherwise they would not have been making distorted statements such as have been made in this house today by the Leader of the Opposition. I am reading these excerpts—

Mr. Pearson: You are repetitious.

Mr. Pickersgill: Pure narcissism!

Mr. Fleming (Eglinton):—not because I derive any particular satisfaction out of it and I am sure all intelligent hon. members of this house are well aware of the contents of this speech, but rather for the sake of my hon. friends opposite—

Mr. Winch: Mr. Speaker, would the hon. gentleman permit a question. I listened very carefully to what the minister said just now concerning the appreciation of the contents of his speech on the part of intelligent hon. members of this house. Would the minister tell us now that he will file the report that is under discussion so we can also have an understanding of it?

Mr. Fleming (Eglinton): You see, there it is again, Mr. Speaker. Hon. gentlemen opposite are so coy and foxy, but we on this side of the house propose to follow the constitutional course in these matters.

Some hon. Members: Oh, oh.

Mr. Pearson: Mr. Speaker, would the minister permit one question. I have not before broken in on his very interesting, repetitious and prolix statement. If we cannot get any information about tabling the report would the minister tell us if the excerpts from the report are accurate?

Mr. Green: What excerpts?

Mr. Hees: Yes, what excerpts?

Mr. Pearson: The excerpts that appeared in the Toronto *Star*.

Mr. Fleming (Eglinton): Mr. Speaker, my hon. friend knows full well that if I were to accede to his request I would be required to table all the documents he is asking me about and I have just no intention of accommodating that wish on his part.

Mr. Pearson: Mr. Speaker, just to clear up that matter I would be glad to forego that right if the hon. gentleman will only answer the question.

Mr. Green: Why do you not table the Toronto *Star*?

Mr. Martin (Essex East): How is the investigation coming along?

Mr. Fleming (Eglinton): There is one more paragraph in the budget address which my hon. friends badly need to hear.

Mr. Pickersgill: I am serious about my point of order, Mr. Speaker.

Mr. Hamilton (York West): I find it difficult to take you seriously.

Some hon. Members: Ten o'clock.

Mr. Speaker: I think it is ten o'clock. I will deal with the point of order in the morning.

Mr. Fleming (Eglinton): Mr. Speaker, I move the adjournment of the debate.

Mr. Martin (Essex East): Oh, you are not going on tomorrow, surely.

On motion of Mr. Fleming (Eglinton) the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Chevrier: Mr. Speaker, I presume we will continue this debate tomorrow?

Mr. Hardie: What do we do on Wednesday?

Mr. Green: Mr. Speaker, after we finish this debate we are going to take item No.

4 on today's order paper, the act respecting the taxation of estates; then item No. 13, the Loan Companies Act which is to be referred to the banking and commerce committee; and then item No. 14, an act to amend the Trust Companies Act which is also to be referred to the banking and commerce committee; and then the resolution concerning the Customs Tariff amendments.

Mr. Chevrier: What numbers, please?

Mr. Green: That is item No. 22. And then we will take item No. 6, an act to amend the Excise Tax Act; item No. 15, second reading of the act to amend the Financial Administration Act; and item No. 11, second reading of an act to amend the Income Tax Act. We hope to finish all of this tomorrow.

Mr. Chevrier: What does the house leader intend to do on Wednesday?

Mr. Green: On Wednesday we have to ask for interim supply and then we would take any of these measures I have mentioned which had not previously been dealt with.

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

HOUSE OF COMMONS

Tuesday, August 5, 1958

The house met at 2.30 p.m.

COMMITTEES OF THE HOUSE

Fifth report of standing committee on veterans affairs.—Mr. Dinsdale.

RAILWAYS, CANALS AND TELEGRAPH LINES

Mr. G. K. Fraser (Peterborough): Mr. Speaker, I have the honour to present the the seventh report of the standing committee on railways, canals and telegraph lines.

Mr. Erhart Regier (Burnaby-Coquitlam): May we have this report read by the Clerk, Mr. Speaker?

And the Clerk having read the report:

Mr. Regier: Mr. Speaker, I rise on a point of order. My point of order is that this report is not in accordance with the findings of the committee. I refer you, Mr. Speaker, to the evidence as found in the minutes of proceedings and evidence, No. 6, of the standing committee on railways, canals and telegraph lines, for Tuesday, July 29. On page 231 of that report we find this:

> The Chairman: Shall clause 1 carry? We will have a show of hands.
> The Clerk: Six in favour, eight against.

It seems to me, Mr. Speaker, that we should consider Beauchesne's fourth edition, citation 322, which says:

> It is not competent for a committee to reconsider and reverse its own decision, but if the house resolves that such reconsideration is necessary, the correct procedure is for the house—

House is spelled with a capital letter.

> —to give the committee instructions which will enable it to consider the whole question again.

It is my contention, therefore, that you, Mr. Speaker, have one of two alternatives; either you declare this report out of order or you recommit this matter to the committee. There are many references which show this house has the power to recommit a problem to a committee, in which case the committee would then be clear of the decision reached at an earlier meeting.

This morning, Mr. Speaker, the committee met, and without any further ado and despite objections and warnings raised, simply reversed a decision it had made the other day. I should like to call your attention to citation 325 of Beauchesne's fourth edition. The first paragraph says:

> When the report does not contain any resolutions, recommendations or other propositions for consideration of the house, it does not appear that any further proceedings in reference to it as a report are necessary.

I should like to underline the words "are necessary".

> Every session, select committees make reports of this description, containing a statement of facts, or of the evidence on the subject of inquiry; but as they do not contain any proposition which can be agreed to by the house, they are simply printed for the information of the members.

The next citation, namely citation 326, I believe is very clear when it says:

> 326. The report of a standing committee should be considered final only when it is adopted by the house, because, until then, the house can refer it back to the committee with instruction to amend it in any particular.

If you wish other evidence out of Bourinot or May I am willing to produce it, Mr. Speaker. It is for these reasons that I submit that this report should be declared out of order by Your Honour or should be recommitted to the committee.

Mr. Fraser: Mr. Speaker, I think a word of explanation here would be in order. The preamble of the bill, which had been carried, reads as follows:

> Whereas Trans Mountain Oil Pipe Line Company has by its petition prayed that it be enacted as hereinafter set forth, and it is expedient to grant the prayer of the petition: Therefore Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

It has thus been approved in principle. It would have been to negative this action by killing the first clause. There is only one clause in the bill. The feeling of the committee was that there had not been enough discussion. At that time a number of the members put their hands up indicating that they wished the discussion to continue. Also, Mr. Speaker, I understand that if there is any dispute of any kind or disagreement in a standing committee in a case of this kind, the members at that time should have immediately disagreed and asked that it be discussed further or that a vote be taken.

Mr. Speaker: May I ask one question of the hon. member who presented the report. Was the report as presented approved by the committee?

Mr. Fraser: Mr. Speaker, the report was approved this morning by the committee.

Mr. Regier: Further to the last point, Mr. Speaker, I should say that the decision of the committee in the first instance is evidenced by the minutes of proceedings and evidence which the chairman did not deny this morning when asked about it. The committee took a vote; it was a vote by count of the clerk, and clause 1 did not carry. However, the hon. member raised the point of immediacy. This is the first time this matter could be raised in this house, Mr. Speaker, as I think you will agree. However, even in the meeting of the committee, when apparently there was some confusion, there is noted at page 231 a comment or a question by the hon. member for Winnipeg South when he said:

> Does the vote on clause 1 settle the matter or is it to go on indefinitely?

I contend that he answered himself when he said "or is it to go on indefinitely?" Definitely, according to the rules whereby a committee may not reverse its decision, it would have to go on indefinitely, for the meeting to continue. Then, following that, the hon. member for Winnipeg South said, "We should now adjourn." There appeared to have been a number of members of the committee who understood at that time that the matter had been settled and the bill had been defeated in committee. However, the chairman said, "I asked our clerk if we could go on and he said yes."

The hon. member for Peterborough now makes the point that the preamble was endorsed. From all my reading of the rules, when you endorse the preamble you have satisfied yourself that all the conditions necessary for the consideration of the bill have been met; that is the endorsation of the preamble. I have always taken it, and have so been advised by others, that clause 1, which in this case is the one and only clause and the operative clause, is in effect the principle of the bill. The preamble only assures to us that it is right and proper that the committee do now consider amending a certain act at this time.

Mr. Speaker: I think the point of order may be in effect an appeal from the chairman's ruling. Perhaps the best course to follow, as this is not a matter of immediate urgency, would be to allow me to consider the point of order which has been raised and to hold the item, which would normally go to the committee of the whole, until it has been disposed of.

Mr. Regier: I thank you, Mr. Speaker; and while you are considering it would you also consider the gross discrepancy which appears as between the evidence on page 231, recording this vote, and the minutes which say at one stage that the chairman asked whether the clause would carry and, "on a show of hands the committee decided to continue the discussion".

Mr. John Drysdale (Burnaby-Richmond): Mr. Speaker, I wonder if when you are considering this matter you could also consider the point that the vote on page 231 of the report was, in my contention, a nullity. I would refer you to page 354 of Beauchesne's fourth edition, where it says:

> All questions before committees on private bills are decided by a majority of voices including the voice of the chairman; and whenever the voices are equal, the chairman has a second or casting vote.

Then under citation 491 on the same page it continues:

> 491. (1) The names of the members attending each committee are entered by the committee clerk in the minutes; and when a division takes place, the clerk takes down the names of the members, distinguishing on which side of the question they respectively vote; and such lists are to be given in, with the report, to the house.

There was merely a show of hands vote, Your Honour. Accordingly it is my contention that the vote was a nullity and that therefore we were in order in carrying on the meeting.

Mr. Regier: The second vote was exactly the same.

Mr. Drysdale: And in addition, Your Honour, the matter was referred to the committee and I think that is the place where the appeal should be made; and I know Beauchesne does refer to that as the proper practice rather than appealing to the house. The committee unanimously decided that it was correct.

Mr. Speaker: I will take the matter under consideration. It may be that it should be disposed of in the committee itself.

NATIONAL DEFENCE

NORAD—EQUIPPING OF R.C.A.F. WITH ATOMIC WEAPONS

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I would like to ask the Secretary of State for External Affairs whether he cares to comment on the report in this morning's newspaper to the effect that the Minister of National Defence is in Washington to ask the United States to provide atomic weapons for R.C.A.F. aircraft co-operating with U.S. aircraft in North American aerial defence.

Hon. Sidney E. Smith (Secretary of State for External Affairs): Mr. Speaker, I was in telephone conversation this morning with the Minister of National Defence, who is in Washington, and he stated very emphatically and without qualification, with respect to the report to which the Leader of the Opposition refers, that he did not at any time say that Canada plans to request nuclear warheads for the Canadian squadrons under NORAD.

In reply to a question which was addressed to him by a reporter—and this is to be found in the press reports—he said this might be an item at the first meeting of the joint consultative committee, the establishment of which was announced by the Prime Minister and President Eisenhower during President Eisenhower's visit to Ottawa.

FINANCE

NOVA SCOTIA—RECOMMENDATIONS OF ROYAL COMMISSION ON RURAL CREDIT

On the orders of the day:

Mr. Robert Muir (Cape Breton North and Victoria): Mr. Speaker, I should like to direct a question to the Minister of Finance, of which I have given him notice. Has the government given any consideration to recommendations of the Nova Scotia royal commission on rural credit, which in 1956 urged amalgamation of the Canadian farm loan board and the Nova Scotia land settlement board?

Hon. Donald M. Fleming (Minister of Finance): I thank the hon. gentleman for having given me notice of his intention to ask this question. The report of the Nova Scotia royal commission on rural credit was received some time ago and this, along with all other pertinent material in relation to the whole subject of agricultural credit in Canada, is under study at the present time.

INQUIRY AS TO TABLING OF REPORT ON FLUORSPAR

On the orders of the day:

Mr. C. W. Carter (Burin-Burgeo): May I ask the Minister of Finance whether he has received the report of the tariff board on fluorspar and, if so, when the report will be tabled.

Hon. Donald M. Fleming (Minister of Finance): I have not yet received the report.

"CANADIAN ECONOMIC OUTLOOK FOR 1958"—INQUIRY AS TO TELEPHONE DISCUSSION WITH NEWSPAPERMAN

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask a question of the Minister of Trade and Commerce. Did the minister discuss over the telephone with Mr. Bruce Phillips, Ottawa correspondent for the Southam Press, the report in the Toronto *Star* of August 1 with excerpts from "The Canadian Economic Outlook for 1958"? If so, did he state (1) that his reaction to the leakage was violent and, (2) that an investigation or inquiry into that leakage would be instituted?

Mr. Speaker: I understood the Minister of Trade and Commerce to have dealt with that precise question yesterday, dealing with the word "violent".

Mr. Pearson: No, Mr. Speaker—

Some hon. Members: Order.

Mr. Harkness: It was dealt with yesterday.

Mr. Pearson: No, it was not. With respect, Mr. Speaker, I submit that no question in regard to this point has yet been asked in this house.

Mr. Speaker: May I ask the Minister of Trade and Commerce if he dealt with that yesterday?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, I recollect being asked questions yesterday concerning both these matters. The only new aspect to the question is the introduction of the name of a member of the press gallery.

Mr. Pearson: Having just studied *Hansard*, Mr. Speaker, I think it is correct to say that no question was asked yesterday with regard to an alleged discussion between a representative of the Southam Press and the Minister of Trade and Commerce, and it is that particular discussion which has been reported in the press about which I am inquiring.

Mr. Green: Mr. Speaker, on a point of order, this whole question was canvassed at considerable length yesterday and it developed into what was nothing more than a cross-examination or a fishing expedition.

Some hon. Members: Order.

Mr. Green: Today the Leader of the Opposition comes into the house with a similar question in which he refers by name to a member of the press gallery, and he wants to conduct a further cross-examination in regard to this particular member of the gallery. If the hon. member can do that he can do the same thing with regard to every individual member of the press gallery. I submit that questions of this type are entirely out of order when we are considering orders of the day.

Inquiries of the Ministry

Mr. Pearson: Mr. Speaker, on the point of order, a report has appeared in more than one newspaper in Canada under the byline of Mr. Bruce Phillips of Ottawa commenting on a conversation which he had with the Minister of Trade and Commerce on this particular matter, which is of very considerable importance, and this particular interview was not referred to by the minister.

Mr. Speaker: May I say to the Leader of the Opposition that what I am concerned about is the propriety of the question, not the circumstances which gave rise to it. We did have an extended inquiry of the Minister of Trade and Commerce yesterday as to his conversations with various members of the press, and as the matter was in the course of his public responsibilities I allowed the question and a number of supplementary questions.

If the hon. member's question today is a new inquiry about a new situation or involving circumstances which were not inquired about yesterday, I would be disposed to permit it, but I am not disposed to allow the minister to be cross-examined by a great many supplementary questions. We are in the middle of a debate involving this whole matter, and it seems to me that hon. members will be able to air their views sufficiently there. It is only a search for limited information which can be permitted.

In so far as the question relates to the use of the word "violent" I rule it out of order, but I am disposed to let the other part of the question stand.

Mr. Pearson: Perhaps I could rephrase my question in this form. Is the statement made in the Hamilton *Spectator* of August 2 and attributed to the minister, to the effect that he was conducting or had ordered to be conducted an investigation into the leakage of the report "The Canadian Economic Outlook, 1958", accurate?

Mr. Speaker: Before the minister answers that question, may I say that I do not think a question of that type is permissible. If the hon. member will refer to Beauchesne he will find that he states quite positively that a question simply directed to the verification of a statement in the press is not in order. If the hon. member wished to ask the minister whether he had a conversation with the gentleman in question I would consider that a proper question, but not the one that he put.

Mr. Pearson: Thank you for your suggestion, Mr. Speaker. I will now ask the minister whether he had a telephone conversation with Mr. Bruce Phillips of the Southam Press regarding this alleged leakage and an investigation that was being conducted into it?

[Mr. Green.]

Mr. Churchill: Mr. Speaker, it was Mr. Bruce Phillips who, as I recollect, first informed me that there would be a story appearing in the Toronto *Star*.

Mr. Habel: You knew about it.

An hon. Member: Make what you can of that.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I should like to ask the Minister of Finance, since he admitted last night that the extracts in the Toronto *Star* were based on "The Canadian Economic Outlook for 1958", if the government will now table that document?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker—

Mr. Speaker: Order. I think that question involves a subject before the house in debate at the moment, and the hon. member might defer his question until the debate is completed.

Mr. Fleming (Eglinton): May I also point out on a point of order that the hon. member has quite improperly smuggled into what purports to be a question something which he alleges to be a statement of fact and which is not a statement of fact, never was and I think never will be.

Mr. Pickersgill: I assume, Mr. Speaker, since the minister has raised a point of order, that you will hear me briefly on it. I would direct Your Honour's attention to yesterday's *Hansard*, page 3083, the second column, where the minister referred to "statements that have been distorted beyond recognition." He was referring to the speech of the Leader of the Opposition. The Leader of the Opposition only quoted two documents. One was the budget speech, and the minister took no exception to the quotations from the budget speech—

Mr. Fleming (Eglinton): Who says that?

Mr. Pickersgill: —so it is perfectly obvious that the statements that were distorted beyond recognition were from "The Canadian Economic Outlook". You cannot distort something you have not seen.

Some hon. Members: Oh, oh.

Mr. Churchill: What silly nonsense!

Mr. Speaker: Perhaps the hon. member is happy now that he has made his point but, as I said originally, it is simply argument which should take place in the debate.

LABOUR CONDITIONS

REQUEST FOR REPORT ON CONCLUSIONS OF RECENT CONFERENCE

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, may I ask the Minister of Labour if in view of the statements made by the premier of Manitoba as to the necessity of getting plans ready to meet the urgent unemployment situation, and if in view of the conference recently held between the Minister of Labour and his opposite numbers in the provinces and the representatives of labour and management, the minister is prepared to announce government policy regarding the recommendations of that conference; or is it a fact that the government has not yet given consideration to the recommendations made by the conference?

Hon. Michael Starr (Minister of Labour): Mr. Speaker, I am not aware of any such statements made by the premier of Manitoba, but I did make inquiries regarding the report of this conference as late as this morning, and I was told that the final report would be ready toward the latter part of this week. After that the report will be presented to the cabinet for consideration, after which time, and only after which time, the government will be able to adopt any policy it sees fit in order to alleviate the situation.

Mr. Martin (Essex East): Will the minister allow me to send him a report from the Winnipeg *Tribune* of Friday last dealing with the statement of the new Conservative premier of the province of Manitoba?

Mr. Starr: I shall be very glad to read whatever the new Conservative premier of Manitoba had to say, because I know they will be words of wisdom.

NON-OPERATING RAILWAY UNIONS—INQUIRY AS TO CONCILIATION BOARD REPORT

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I direct a question to the Minister of Labour and ask him if he could indicate to the house whether the railways or the non-operating personnel of the railways have advised him of their acceptance or rejection of the report of the conciliation board which was made public on Wednesday last?

Hon. Michael Starr (Minister of Labour): In answer to that question, Mr. Speaker, I must advise that I have not received any word on that report from either party.

Inquiries of the Ministry

WATER RESOURCES

CHICAGO DIVERSION—REPRESENTATIONS TO UNITED STATES

On the orders of the day:

Mr. W. L. Houck (Niagara Falls): Mr. Speaker, I wish to address a question to the Secretary of State for External Affairs. I realize that the Chicago water steal is an old threat to the welfare of great lakes communities, but it has new urgency now because of the water needs of the St. Lawrence seaway and Niagara power. The increased diversion of lake Michigan water for Chicago sewage purposes will raise the cost of Niagara power and endanger the St. Lawrence seaway. I am wondering if the Secretary of State for External Affairs has made a protest to the United States government concerning the bill that would authorize the additional Chicago diversion.

Hon. Sidney E. Smith (Secretary of State for External Affairs): Mr. Speaker, I thank the hon. member for having given me notice of his question. Representations in writing were made to the United States state department in an aide memoire which appears as an annex to *Hansard* for August 2, 1958. I may add that this aide memoire was conveyed to the committee of the United States Senate considering the proposed legislation on diversion of water at Chicago. It was presented to that committee on July 28. The committee was made fully aware of our interest and concern in this matter.

In addition to the written representations there have been discussions taking place both in Washington and Ottawa between officials emphasizing the particular interest and deep concern of Canada and the joint interest of both countries in the development of power and in the success of the St. Lawrence seaway.

PUBLIC SERVICE

PREVAILING RATE EMPLOYEES—DEDUCTIONS FOR EARLY CLOSING DUE TO HEAT

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, on July 25 the Minister of Finance replied to a question of mine respecting prevailing rate employees being allowed to go home early during the summer months under conditions of intense heat and humidity. I wonder if I could direct another question to the minister along that line and ask, in order that prevailing rate employees may be placed in the same category as permanently appointed civil servants, if the minister will undertake to ensure that if and when prevailing rate

employees are sent home due to heat and humidity there be no deduction from their wages for such absences.

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I take it from my hon. friend's question that the employees in question are in the case he puts permitted to go home because of prevailing conditions of heat or humidity?

Mr. Howard: That is right, Mr. Speaker. When prevailing rate employees are allowed to go home because of heat and humidity, as are civil servants in the same areas, will the minister undertake to ensure that there will be no deduction from their wages for such absences?

Mr. Fleming (Eglinton): Mr. Speaker, I think my answer on the previous occasion covered the point fully, but if there is any doubt I shall re-examine it and deal with it further.

NORTHERN AFFAIRS

ESKIMOS—REQUEST FOR REPORT ON DEATHS AT GARRY LAKE, N.W.T.

On the orders of the day:

Mr. M. A. Hardie (Mackenzie River): Mr. Speaker, I wish to direct a question to the Minister of Northern Affairs and National Resources. The minister will recall that during the discussions of the committee on mines, forests and waters I asked a question regarding the death of a number of Eskimos at Garry lake in the Northwest Territories, and was informed at that time that autopsies were being performed on the bodies. I wonder whether the minister could make a statement at this time, if he has received the report.

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, I would prefer to take that question as notice and give an answer tomorrow. I have seen a report, but I would rather look into the matter and answer tomorrow.

BRIDGES

NIAGARA RIVER—INQUIRY AS TO GRANTING OF DOMINION CHARTER

On the orders of the day:

Mr. W. L. Houck (Niagara Falls): I should like to direct a question to the Secretary of State. At a meeting held in Niagara Falls last Friday it was decided that the go-ahead would be given to a new bridge over the Niagara river from Lewiston, New York, to Queenston, Ontario, joining the New York throughway to the Queen Elizabeth highway. Has a dominion charter been granted for this new bridge?

[Mr. Howard.]

Hon. Henri Courtemanche (Secretary of State): Mr. Speaker, I have no knowledge of the matter, but I will check with the officials of the department and answer later.

HOUSE OF COMMONS

INQUIRY AS TO SUGGESTED CHANGES IN CHAMBER

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I should like to direct a question to the Minister of Finance in his role as one of the commissioners of internal economy of the House of Commons. Have the commissioners given consideration to the changes in the physical structure of this chamber suggested by the Prime Minister yesterday, and have they also given consideration to bringing the estimates covering the House of Commons before the house this session in order to provide an opportunity to debate the suggested changes?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I think there is a point involved here on which I should ask you to give some direction. According to my understanding of the situation, the proper source of information concerning the activities of the commissioners of internal economy is the Speaker of the house, who is chairman of that body, and not any individual member of it.

Mr. Fisher: Mr. Speaker, from checking past records I would suggest that there is no clear definition, that sometimes the Speaker has spoken and at other times the Minister of Finance has been the spokesman with regard to such matters.

Mr. Speaker: I would think the proper place to raise the matter which the hon. member has in mind would be on the legislation estimates when they are before the house.

IMMIGRATION

APPLICATION BY SONS OF FREEDOM TO EMIGRATE TO RUSSIA

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I wonder whether I could put a question to the Secretary of State for External Affairs. Has the government received any application from the sons of freedom or any group of the sons of freedom for financial assistance to emigrate to Russia?

Hon. E. D. Fulton (Minister of Justice): Perhaps the hon. gentleman would permit me to answer that question. News reports have been brought to my attention in which it is said that a statement has been issued

on behalf of the sons of freedom sect of the Doukhobors that they wish to return to Russia provided certain conditions are agreed to by governments, from which I take it they mean the government of British Columbia and the government of Canada.

I have not actually seen an authentic copy of the statement purported to have been made, but since the matter may be related to discussions which have been taking place between this government and the government of British Columbia concerning a solution of the Doukhobor problem, and in which I have taken part, I have communicated with the premier of the province indicating that it would be desirable if he could let us have his views and let us have an indication as to what the government of British Columbia desires to do with respect to the specific solution of the problem which has been under discussion between us.

EXTERNAL AFFAIRS

SUMMIT MEETING—REQUEST FOR STATEMENT ON PRESENT POSITION

On the orders of the day:

Mr. Nicholas Mandziuk (Marquette): May I be permitted to ask the Prime Minister a question. What is the present position of the proposed summit meeting?

Right Hon. J. G. Diefenbaker (Prime Minister): Well, Mr. Speaker, the only information that is available today is contained in a message received by the President of the United States from Mr. Khrushchev, in which Mr. Khrushchev asks that an extraordinary meeting of the United Nations assembly be convened, and I think the wording is, for the purpose of considering the question of the withdrawal of United States troops from Lebanon and British troops from Jordan. He is asking for an extraordinary meeting, and has obviously changed his attitude in the last few days or certainly in the last two weeks.

I have no observations to make on this change, with the exception that it has all the appearances that, Mr. Khrushchev having himself been faced with the reference of the summit meeting to the security council which was available to him, is now seeking means to delay the meeting of the security council which was proposed with a view to alleviating the situation in the Middle East. It is a change of front on his part, and one that indicates a great detour from the course he has been requesting for the last several weeks.

SUPPLY

The house resumed, from Monday, August 4, consideration of the motion of Mr. Fleming (Eglinton) for committee of supply, and the amendment thereto of Mr. Pearson.

"CANADIAN ECONOMIC OUTLOOK"—ACTION BY GOVERNMENT ON CONFIDENTIAL ADVICE

Hon. Donald M. Fleming (Minister of Finance): Last evening, Mr. Speaker, I had dealt in an introductory way with some of the corrections of which the Leader of the Opposition plainly indicated he needed to be reminded in relation to the budget speech. I had, I know, disappointed him by not being gloomy. Indeed, the whole burden of the complaint of the Leader of the Opposition was that the budget speech was not pessimistic enough; and to establish his case, such as it was, he proceeded to wrench out of context things that were said in the budget speech, and to ignore completely many things that have to be taken into account in gauging the whole tenor of the speech.

The hon. gentleman has had a good deal to say about quotations and about excerpts. Well, Mr. Speaker, it is notable that in dealing with the budget speech last night, and in all his references to it, the Leader of the Opposition did not make one direct quotation. If he is going to make references I should think when the record is plain for all to read the least that might be expected of him under such circumstances, when he is making the kind of complaint he is, is that he should make direct quotations. It is interesting, also, that in his selection of excerpts from the budget speech he did not follow any consecutive course. The selection and sequence of the excerpts taken from the budget speech are to be found in the Toronto *Daily Star*.

Mr. Pickersgill: How do you know; you said you had not read it.

Mr. Fleming (Eglinton): The hon. member opposite will sometime or other perhaps, Mr. Speaker, understand the meaning of plain language, but as yet he has given no indication of being able to do so.

Mr. Pickersgill: May I address a question to the minister; I am rising on a question of privilege. The minister has called my accuracy into question. I ask him if he did not tell us yesterday he had not read the item in the Toronto *Star*?

Mr. Fleming (Eglinton): I have taken careful note, Mr. Speaker, of the references to the budget speech in the speech of the Leader of the Opposition. I am going to

deal with them in relation to the quotations ascribed to the budget speech in the Toronto *Daily Star.*

Mr. Pickersgill: That does not answer my question.

Mr. Fleming (Eglinton): Nobody could answer such an utterly foolish and childish question.

Mr. Pickersgill: It is quite simple; did you read it or did you not?

Mr. Fleming (Eglinton): The Leader of the Opposition chose to make four references to the budget speech. I note, Mr. Speaker, in the references to the article to which he directed our attention in his speech last evening, that the excerpts he has referred to are those appearing in the Toronto *Daily Star,* and in that order. He did not even have enough originality to change the order. He did not have enough originality to turn to the budget speech itself. Apparently it is enough that reference is made in the Toronto *Daily Star,* so he starts from there.

I should like to say a word or two about those references to the budget speech. The first reference in which the Leader of the Opposition indulged is found on page 3076 of *Hansard* for August 4, 1958. This is an accurate one, because here he departed from the language of the Toronto *Daily Star*—

Mr. Pearson: Which you did not read.

Mr. Fleming (Eglinton): —and which I have had an opportunity of checking against the references to it by the hon. gentleman in his remarks last night. First he talked about my reference to the rapidly narrowing gap in the percentage of unemployed as compared with a year ago. Yes, the Leader of the Opposition was correct in that reference, but the Toronto *Daily Star* was not.

He referred farther down on page 3076, Mr. Speaker, to a statement I had made, and which appears on page 1235 of the budget speech, where I said that "there are hopeful signs that we have reached the end of the recent decline". The Leader of the Opposition correctly quoted that one.

The next one, however, provides an interesting contrast. This is the third reference of the Leader of the Opposition to the budget speech. Here his remarks are in rather striking contrast to those appearing in the Toronto *Daily Star,* which was his guide. What I said is, I think, not to be confused with what the Toronto *Daily Star* has said on this subject as attributed to the budget speech. What the Toronto *Daily Star* has said—and this will be a fair guide, I think, by which to test the accuracy of this article—is this:

[Mr. Fleming (Eglinton).]

> Mr. Fleming forecast the 1958 gross national product—the value of goods and services produced —would be up two per cent over 1957, or $32 million.

What I said, Mr. Speaker, and this will be found at page 1235 of *Hansard,* is:

> Assuming normal crops, stable prices and no untoward external events, I am basing my revenue forecasts on a gross national product of $32 billion, which is about 2 per cent above the level achieved in 1957.

Mr. Pickersgill: That is exactly what is here.

Mr. Fleming (Eglinton): The hon. member for Bonavista-Twillingate says, "That is exactly what is here." "Here" must mean somewhere in the recesses of his mind, because it is not what the Toronto *Daily Star* said. You see, what the Toronto *Daily Star* did was to omit entirely the governing words where I said:

> Assuming normal crops, stable prices and no untoward external events—

This is interesting, Mr. Speaker. I suppose one should not expect too much in the way of accuracy from the Toronto *Daily Star,* Mr. Speaker, but you will notice that the Toronto *Daily Star* says that a 2 per cent increase over 1957 is $32 million. It says:

> —would be up two per cent over 1957, or $32 million.

What I said was that I was basing my revenue forecast on a gross national product of $32 billion, but apparently the difference between millions and billions makes little impression upon the mind of the hon. member for Bonavista-Twillingate.

Mr. Pickersgill: The Leader of the Opposition did not say that.

Mr. Fleming (Eglinton): I am drawing attention to the fact that the Leader of the Opposition has followed slavishly the selections from the Toronto *Daily Star,* and he has asked the house and the country to believe that the inferences which that paper seeks to draw with respect to the budget speech are correct when you see the sort of inaccuracies that appear in them now.

Mr. Pearson: I rise on a point of order. The minister is challenging the accuracy of what I have said in relation to his budget speech and is basing his own remarks on something I am supposed to have said about the Toronto *Star.*

Perhaps I had better read exactly what I did say. It is to be found at page 3076 of *Hansard.* This is what I said, and I commend it to my hon. friend.

> The Minister of Finance said, and I am sure he will remember this portion of his budget speech, that assuming normal crops, stable prices and no untoward external events he was basing his revenue

forecasts on a gross national product of $32 billion which is about 2 per cent above the level achieved in 1957.

There is no mention of the Toronto *Daily Star* in connection with that statement at all.

Mr. Fleming (Eglinton): Reference to the Toronto *Daily Star* ran all through the Leader of the Opposition's speech and was the whole basis of his selections. The whole sequence of his speech was based on the Toronto *Daily Star*.

An hon. Member: Be honest.

Mr. Fleming (Eglinton): That is a point which is perfectly plain and unchallengeable on the part of the Leader of the Opposition. I am going to have something to say a little later about the nature of the emphasis of the Leader of the Opposition.

What is the basis of the budget forecast? Mr. Speaker, the basis of the budget forecast appearing in the budget speech of June 17 was advice based on conditions existing right up to the time of delivery of the budget speech. It was not based upon reviews of conditions in January. It was not based upon reviews of conditions in February. It was not based upon reviews of conditions in March. It was not based upon reviews of conditions in April. It was not based upon reviews of conditions in May. It was based upon—

An hon. Member: Speculation.

Mr. Fleming (Eglinton): —the most up to date indicators at the date of the delivery of the budget on June 17. When hon. gentlemen opposite want to restrict the government in its consideration of what are sound and reliable economic indicators to situations long before the budget date, I wish to tell the opposition—and I know it will bring them no joy—that the Canadian economy in the early days of this spring had showed very great strength. It was in the light of the conditions of strength that were shown in the Canadian economy in the spring right up until June 17, when the budget speech was delivered, that the budget was based upon those conditions and an up to the minute review of them.

That was the basis of the budget indications. That was the basis of the budget speech. Timing apparently means nothing to hon. gentlemen opposite as long as they can live in and create an atmosphere of gloom. These gloom mongers are doing no service to Canada. The strength of the Canadian economy shown this spring was a matter that brought no joy to members of the opposition. The strength which the economy showed served to abate a great deal of the uncertainty that had existed in earlier months, and to impart to the whole of Canadian business and Canadian activities of all kinds a more confident tone than had existed. Mr. Speaker, it was on this basis, the basis of the latest economic indicators with the best advice available in Canada to a minister of finance, that this budget was based and all its forecasts.

I took the responsibility with my colleagues of weighing those up to the minute indicators. I accepted them. I believed them. On them I based this budget. Those economic facts are there in the white paper for all to read, for all who will take the trouble to read; but we have not seen much indication on the part of hon. gentlemen opposite that they have taken the trouble to peruse the incontestable facts appearing in the white paper.

I have this further to say, Mr. Speaker. If there are any persons who might seek to indulge in the baseless suggestion that the Canadian people were not led along factual bases in the budget forecast in appraising the economic forces at work in Canada at the time, may I say that no such complaint lies in the mouth of hon. gentlemen opposite. They cannot complain that there was any misleading because they, in their budget speeches, showed that they took a divergent attitude.

I took the trouble yesterday to look up the record and to see again what the Leader of the Opposition himself had to say in his own speech on the budget. It will be found in *Hansard* of July 3, and I am referring particularly to pages 1902 and 1903. This is from a member of this house who now undertakes to say that there were divergences between the budget forecast and something else, and says evidently that he thinks the something else was sound and the budget forecast was wrong. This is supposed to be something new. The hon. gentleman would have the house and the country believe that he has found something new. It is a very old story, Mr. Speaker. It is a month old. It is stale in the mouth of the Leader of the Opposition. Here is what he said in his own speech on the budget, as reported at page 1902 of *Hansard*:

—I am quite sure that any observations I am going to make will result in my being accused of spreading doom and gloom—

Mr. Churchill: Precisely.

Mr. Fleming (Eglinton): Precisely; that is correct. That is exactly the line the hon. gentleman followed then and is following now. He was not satisfied with the budget prediction that we were going to have a budget deficit this year of $648 million. He was going to improve on it. So he said the deficit will likely be over $1 billion. Those are his words as found at page 1902 of

Hansard. Can anybody who said that a month ago complain that he was misled by the budget forecast?

Furthermore, Mr. Speaker, he talked yesterday about the gross national product and my forecast of a gross national product for this year of 1958 of $32 billion, on three given assumptions. But the hon. gentleman had this to say as reported at page 1902 of *Hansard* of July 3. Speaking of what he called the optimistic deficit figure, he said this:

—it is based on a forecast of a gross national product of $32 billion which is, as I have said, a 2 per cent increase, assuming there is no significant rise in prices and assuming normal crops. After what we have heard this afternoon about the situation in the west, that is a somewhat risky assumption to make.

You will see, Mr. Speaker, that on July 3 the Leader of the Opposition was a little hesitant about building any case on assumptions, but when August 4 came along he was so desperate, he was so hard put to it for something to say on the final supply motion of this session, that he based his whole case on the riskiest kinds of assumptions and on nothing else. Then his remarks continue:

However, that is his assumption.

There he refers to the assumption of the Minister of Finance, and then he continues:

He also leads us to believe that he is basing that estimate on the 1958 investment outlook, this assumption of a 2 per cent increase.

Then the hon. gentleman dwells on the subject of the gross national product and he continues, as recorded further down the page:

—and it seems to me difficult to understand how the minister can reconcile a 2 per cent increase in our gross national product with a 3 per cent decrease in total capital outlay without any price rise and with agricultural prices remaining normal.

He proceeded later on, after his review, to sum it up in these words:

—which justified, I think, our caution in this regard.

Then he went on to say the following:

That figure—

The figure he referred to was the figure on the gross national product of Canada published by the dominion bureau of statistics, and listen to this, Mr. Speaker, if you will, in relation to a man and coming from the mouth of a man who is an hon. member of this house who has said there is something hidden which this house ought to have:

The most recent piece of evidence we have—and the minister must surely be acquainted with it—is the figure published by the dominion bureau of statistics on the gross national product for the first quarter of 1958. That figure is $31.7 billion which, seasonally adjusted at annual rates, shows an increase of only 0.7 per cent over the comparable adjusted figure for the last quarter of 1957.

Yet in his speech yesterday the Leader of the Opposition tried to raise a hue and cry by saying that the gross national product estimated by the Minister of Finance at $32 billion with an increase of 2 per cent over 1957 had misled the country, because some other source had said the increase was going to be only 0.7 per cent. This was a brand new discovery. The Minister of Finance had misled the country because he had not given the figure of 0.7 per cent. One month ago the same figure of 0.7 per cent was put on record before the final vote was taken, and before the house resolved itself into committee of ways and means on the budget resolutions.

Mr. Pearson: From a different source.

Mr. Fleming (Eglinton): This was something which was put before the house. The 0.7 per cent was based upon a government record issued by the dominion bureau of statistics.

Mr. Martin (Essex East): Whose estimates were better than yours.

Mr. Fleming (Eglinton): This just illustrates how really silly and misleading was the case which the Leader of the Opposition tried to make out in this house last night. It was misleading because he tried to make it appear that something had been hidden; he tried to make it appear that he had discovered something new, something which the government should be called upon to answer. Mr. Speaker, this was answered in the course of the budget debate; this was all put before the house, and the house passed its judgment on that kind of statement on that very night in question, July 3, following the speech of the Leader of the Opposition.

Therefore let there be an end to this kind of hollow pretence, to this sham play on the part of the Leader of the Opposition. He talked last night about hypocrisy, which he attributed to a right hon. member of this house, but I would say to him that he is the last person in this house, in view of his performance last night, who should be talking about hypocrisy on the part of any other hon. member.

Some hon. Members: Hear, hear.

Mr. Pearson: Mr. Speaker, on a point of order, the hon. member has accused me of hypocrisy on the basis that I used a figure in my budget debate speech from a report which indicated that the increase in the gross national product had been merely 0.7 per cent, and therefore, having said last night that this report had been hidden, I had been

hypocritical. The report I was talking about, or the excerpts from the report to which I referred last night, was an entirely different report from that from the Department of Trade and Commerce, which had no relationship whatsoever to the first report. It happened, however, to come to the same conclusion as this Department of Trade and Commerce report, namely that the increase was 0.7 per cent. These are two separate and distinct reports and one had no relation to the other, which the minister of course knows.

Mr. Fleming (Eglinton): I think it is not amiss for me to point out that in speaking as he did last night the Leader of the Opposition, unless he has completely forgotten the facts and unless he has completely forgotten his own argument on July 3, could not have failed to mislead the house if he had succeeded in making the house believe that there was something new, something hidden, something heinous about there having been no disclosure of the figure of 0.7 per cent. The dominion bureau of statistics put out that figure and the Leader of the Opposition was aware of it and put it on the record in this house away back on July 3. If what has been said by the Leader of the Opposition was not hypocrisy, then I think the hon. gentleman will have to amend his conceptions and his definitions.

Something was said by the Leader of the Opposition last night about unemployment figures and forecasts, as though we had asked the house to believe that unemployment in Canada was going to follow some figure we had put before the house. In the budget speech I did not put a figure before the house as to what unemployment was going to be. There cannot be any suggestion that this house was misled by any figure given; far from it. But listen, Mr. Speaker, to what the Leader of the Opposition said on this subject on July 3 and match it with that bogus display we witnessed here last night, when he tried to make it appear that the country had been misled and that unemployment is going to be even more severe this year than indicated in the budget forecast. Did he accept the estimate in the forecast? This is what the hon. gentleman had to say as recorded at page 1902:

> Mr. Speaker, it is impossible for us to accept this optimistic conclusion of the minister because the evidence seems to us to point in the other direction, and if that is the case surely the minister should be taking this into consideration in the plans and policies which he must be preparing at the present time.
>
> But even if we assumed an increase of 2 per cent in gross national product in 1958, what would be the employment outlook for the current year? The hon. member for Essex East—

And we know that hon. member is probably the least reliable guesser on the extent of unemployment in Canada—

> —made his projection this afternoon, and I think, without going into the details he went into, that if there is this 2 per cent increase in the gross national product and if there is the same ratio between that figure and employment which has existed over recent years, it would mean we would have an increase of about 1 per cent in employment in this country in 1958 as compared with 1957. If there is an addition to the labour force of 2.5 per cent we would have considerably more unemployment next year than last year, and the peak figure would be far too high. I am willing to leave it at that.

The Leader of the Opposition last night tried to make it appear that the house had been misled by statements and forecasts appearing in the budget speech. These are his own words before the close of his budget speech. He challenged these budget forecasts, so how can he now pretend, even to himself, that there was anything in this budget speech by which anyone was misled? He dismissed that subject with a passing reference to the mathematics of the hon. member for Essex East and this additional sentence:

> The implications with regard to unemployment are serious, but the implications with regard to inflation are just as serious.

The hon. gentleman then went on to deal with the dangers of inflation in, I think, somewhat the same terms as I had dealt with them in my budget speech, and all this adds up to is this—

Mr. Pickersgill: On a point of order, Mr. Speaker, are we debating the budget all over again or are we debating an amendment of my hon. friend the Leader of the Opposition?

Mr. Speaker: That is not an easy question to answer. The amendment which was moved at the end of the address by the Leader of the Opposition was much more restrictive in character than the Leader of the Opposition's own remarks, and in his address he dealt with much the same subject matter as the Minister of Finance is dealing with, so I do not think I should restrict him in his reply.

Mr. Fleming (Eglinton): Mr. Speaker, may I complete this portion of my remarks with the conclusion that there can be no complaint from hon. gentlemen opposite that they were misled by anything in the budget forecast, because it is plainly apparent from their own remarks that they did not accept them and that they disagreed then with the budget forecast.

Mr. Pickersgill: But the public was misled.

Mr. Fleming (Eglinton): And there is no shadow of substance in their statement now that something has been discovered today, or within the last four or five days, which throws doubt on the budget forecast. They threw every possible doubt on those budget forecasts before the conclusion of the budget debate, and the house has passed its judgment on those doubts in the decision that was taken in the vote on July 3.

It was on the basis of remarks like these that the Leader of the Opposition last night proceeded to draw some extraordinary conclusions as to the way in which he alleged the whole fabric of government had been shaken. At page 3075 of *Hansard* he undertook to say that "economic forecasting by officials in Canada, to which Canadian governments have become accustomed and upon which they have come to rely, has now for all practical purposes been weakened and prejudiced".

By what authority does the Leader of the Opposition make a statement of that kind? I say to him that that statement has not one single tittle or scintilla of truth in it. Nothing has been prejudiced in the relations between the government's officers in the civil service and the government. But the hon. gentleman last night did everything that lay within his power to create that kind of condition between the government and the civil service of which he complained. If there is anything that is prejudiced in this debate or in public discussion of recent days in relation to the position of the civil servants in this matter it is attributable to, and lies at the doorstep of, the Leader of the Opposition. Nothing has happened to come between the government and its advisers in the civil service, and to suggest that there has been some prejudice created by the course of action of the government is to deny the facts and to substitute for facts something that is really not true.

Mr. Pickersgill: May I ask the minister a question. Is it not true that since January 20 the deputy minister of trade and commerce has resigned?

Mr. Fleming (Eglinton): Mr. Speaker, I should not have thought the hon. gentleman would have sought to make political capital by descending to that kind of remark in a situation of this sort. The deputy minister of trade and commerce exercised the right of any member of the civil service to resign in order to take up a position outside the civil service. Did no deputy minister resign during the regime of hon. gentlemen opposite? Of course they did.

[Mr. Pickersgill.]

Mr. Chevrier: Not under those circumstances.

Mr. Fleming (Eglinton): What circumstances is the hon. member for Laurier talking about?

Mr. Chevrier: If I get an opportunity to speak this afternoon I will indicate to you in what circumstances.

Mr. Pearson: You just stop talking.

Mr. Fleming (Eglinton): The Leader of the Opposition is endeavouring to enforce closure—

An hon. Member: But we have no flag.

Mr. Fleming (Eglinton): I do not believe I am subject to his command with regard to the speech I make. I did not pretend in the first place that what I was going to say was going to please him, and if he expects that the balance of my remarks are intended to have that effect let me disabuse his mind at once. The Leader of the Opposition finished up last night, before he proceeded to give birth to this misshapen amendment, by summarizing his conclusion in the following words at page 3077 of *Hansard*—

An hon. Member: Talk it out, Don.

Mr. Fleming (Eglinton): I am sure that no amount of talk or intelligence around here would be able to pierce the outer covering of the hon. member's cranium.

An hon. Member: Oh.

Mr. Speaker: May I suggest to the house that there are too many collateral debates going on. If hon. members would not interrupt, and if the hon. member who has the floor would not pay any attention to interruptions, we could get on faster.

Mr. Fleming (Eglinton): This was the conclusion reached by the Leader of the Opposition last night as reported at page 3077 of *Hansard*; "The entire system of economic reporting has now been prejudiced. That, Mr. Speaker, is the main burden of our attack on the government in this matter".

Mr. Pickersgill: Hear, hear.

Mr. Fleming (Eglinton): Those were heroic words, Mr. Speaker, but there is not a word of truth in them. The government has access on the frankest terms, on terms of mutual confidence, to the views of the advisers in the government service, and it was on the basis of that kind of relationship that the budget was assembled, the government taking full responsibility for the budget proposals, the content of the budget speech, and the budget forecasts upon which the budget is based. That budget was delivered in the house some

six weeks ago but, Mr. Speaker, we believe that if it was given again now it would be in almost identical terms.

Mr. Pearson: It would take longer the second time.

Mr. Fleming (Eglinton): Perhaps if hon. members opposite had paid some attention to it the first time and did not, as they have since attempted to do, distort it and misrepresent it and wrench things out of context and give a false impression of the budget speech, it would not have been necessary to remind them of the facts in this regard in the course of my remarks yesterday and this afternoon.

The true test of this budget forecast is, I am sure, going to be the test of time itself. That will be the test, taking due account of all the factors which enter into the budget speech and the budget forecasts. I am going to ask the house simply to consider what has happened in this respect since the 17th day of June. Let the house measure the accuracy of the budget forecasts by what has happened at any rate since the 17th day of June, when the budget was delivered. Here let me be brief. Let us take a few of the more important economic indicators of interest to all Canadians.

On July 31 the crop year closed in Canada. Our marketings of wheat in this country are of tremendous importance to the well-being of the whole Canadian economy. In the crop year ended July 31, 1958, Canada's exports of wheat totalled 312 million bushels. The export figure for the previous year, the crop year ended July 31, 1957, was 50 million bushels less than the total exported during this most recent crop year.

Mr. Argue: What about the prices?

Mr. Pearson: Gifts and loans did it.

Mr. Fleming (Eglinton): Mr. Speaker, is the Leader of the Opposition now finding fault with the fact that to assist sister nations of the commonwealth we extended the scope of the Colombo plan aid in this respect? We have extended loans to India to help her buy Canadian wheat to assist in meeting famine conditions in that country. Is that a matter of which the hon. member wants to make fun now?

Mr. Pearson: We have already approved of that.

Mr. Fleming (Eglinton): Then why does the Leader of the Opposition now try to play this snivelling partisan game in this house?

Mr. Pickersgill: Why do you distort the statistics?

Mr. Argue: What about the price of wheat in that year?

Mr. Green: One at a time.

Mr. Robichaud: Why not talk about the amendment that is before us?

Mr. Fleming (Eglinton): Mr. Speaker, the price reflects the very great efforts on the part of the Canadian wheat board and the Minister of Trade and Commerce to get for Canadian wheat the best price for wheat in all the world.

Mr. Argue: The lowest in ten years, and you should pay a deficiency payment.

Mr. Fleming (Eglinton): The best price that is being paid for wheat in all the world.

Mr. Argue: That is not true. That statement is not true.

Mr. Fleming (Eglinton): It is true. The best price that is being paid in all the world where there is a free market.

Mr. Argue: That is well qualified now.

Mr. Fleming (Eglinton): Does the hon. member not believe in free markets?

Mr. Argue: No, I believe—

Mr. Fleming (Eglinton): Evidently he does not.

Mr. Argue: I believe in the Canadian wheat board and not in free markets.

Mr. Fleming (Eglinton): Have I the permission of the hon. member for Assiniboia to continue my speech? I thank him very much. The hon. member for Assiniboia nods his head, so I take it he is agreeable to my continuing my speech.

Mr. Chevrier: Don't be so arrogant.

Mr. Argue: You are up to 100 minutes now.

Mr. Fleming (Eglinton): Perhaps I misunderstood the hon. member's gesture. When the hon. member for Assiniboia nodded his head I thought he had given me permission to proceed.

Mr. Argue: Don't be so condescending.

Mr. Robichaud: Are you trying to establish a marathon record?

Mr. Fleming (Eglinton): The Leader of the Opposition last night, referring to the budget speech, had something to say as well about the cost of living, as found at page 3077. He chose to make reference to the Toronto *Daily Star,* and he said I had said that the cost of living would remain stable. Let us look at what I said and then let us examine

the facts. In the budget speech on June 17 as recorded at page 1234 of *Hansard* I said:

> In the absence of immediate inflationary pressures I would not expect any general increase in prices during the balance of 1958. But this is not something we can take for granted.

You see, Mr. Speaker, this is the part the Leader of the Opposition completely omitted and glossed over. I continue:

> But this is not something we can take for granted. It is the duty of all groups and classes in our society to ensure that the prospects for a sound recovery are not dimmed by a spiralling of costs or that efforts to stimulate recovery do not lend strength to a new inflation. Inflation remains a very real danger against which we must remain on guard.

What are the facts since the 17th day of June? Between May and June the consumer price index in this country remained unchanged, and between June and July the consumer price index in this country dropped four tenths of a point from 125.1 to 124.7. Is the government to be condemned on that score?

Mr. Pearson: No.

Mr. Fleming (Eglinton): No. And as for the wholesale price index, Mr. Speaker, if the Leader of the Opposition will refer to the daily bulletin of the dominion bureau of statistics for July 4 he will find there that the wholesale price index has dropped also.

But we attach great importance in this country to the volume of our exports. What is the record of exports from this country since June 17? In the first half of the year 1958 Canada's exports reached an all-time record for the first half of any year, an all-time record. Does this sound like leading the Canadian people to accept an altogether too optimistic view of Canada's prospects when we budgeted on the basis of an increase of 2 per cent in the gross national product? Exports of Canadian goods in the first six months of 1958 were valued at $2,338 million, 2.2 per cent higher than in the corresponding period of 1957.

In weighing the extent of this increase it is well to bear in mind that the increase in the second quarter of 1958 grew faster than in the first quarter. In the second quarter of 1958 Canadian exports increased by about 7 per cent in value compared to that quarter of 1957 and thus went up at a sharper rate than in the first six months as a whole. I think those are significant statistics.

I do not say, however, that everything has gone up. Here is the index of industrial production. The latest figure is for May 1958. The seasonally adjusted figures on the basis that the period from 1935 to 1939 equals 100 are as follows: The figure for May, 1958 was 278.7 as compared with a figure in January, 1958 of 275.8 and a figure in May, 1957 of 286.7. Labour income seasonally adjusted and expressed in millions of dollars showed the following figures. The latest figure is for April, 1958, $1,304 million. In January, 1958 it was $1,283 million. In April, 1957 it was $1,263 million.

Let us examine the average hours worked per week in manufacturing, seasonally adjusted. The figures are as follows: May, 1958, 40.3; January, 1958, 39.5; May, 1957, 40.6. With respect to manufacturers' shipments in Canada the figures released by the dominion bureau of statistics on July 10 show that in the first five months of 1958 our figure was within 3 per cent of the figure in the same period of 1957.

Let us look at housing, Mr. Speaker. The figures on housing construction in Canada, for those who are prepared to take a realistic and not just a pessimistic, gloomy view like hon. members opposite, are indeed gratifying. The outlook is for the construction in Canada in 1958 of a record total of 150,000 housing units. The previous record was in 1955, 138,000 units. In 1956 there were 127,000 units and in 1957, 122,000 units.

In June, when there was a marked increase in employment in Canada, a strong advance occurred in forestry and construction. It accounted for about 60 per cent of the employment gain. Construction employment reached almost 500,000, about 30,000 higher than a year earlier. The recovery in the housing industry has been largely stimulated by a record-breaking house building program. The year to year increase in new housing units started was smaller in June than in preceding months. The six-month total, however, is 66 per cent higher than the comparable 1957 figure. I am sure these figures are much too favourable to bring any comfort to hon. gentlemen opposite.

There is a very interesting report in this morning's issue of the Montreal *Gazette* which reads as follows.

Mr. Pickersgill: Page 1.

Mr. Fleming (Eglinton): It is headed "Construction at Record High, Up 21.2 Per Cent in first seven months". The first paragraph in this article reads as follows:

> Another record has been established by Canada's surging construction industry. For the first time the total cumulative dollar volume of construction contract awards for the first seven months has passed the $2 billion mark.
>
> Figures based on information collected by Hugh C. MacLean Building Reports show that the 1958 seven-month cumulative total is $2,000,887,900. This is an increase of $360,672,400 or 21.2 per cent over the same period in 1957, and $5,295,800 above the

figure for 1956, the previous record year. This trend in dollar volume has now been maintained for the past four months of 1958.

These are figures which I am sure will bring satisfaction to all Canadians who do not take a jaundiced, political, partisan view of their country's outlook. They will not, of course, bring comfort to hon. members opposite. This gratifying increase points to a record construction program which will ensure a high level of employment in both the construction industry and in the industries supplying building materials.

The function of the administration in reference to the National Housing Act is worthy of comment. N.H.A. loan requests received during the first 30 weeks of 1958 compared with 1957 are as follows: 1957, the first 30 weeks, 15,562, and the first 30 weeks of 1958, 28,264. Yet we are asked to believe that the outlook for Canadians is gloomy.

One could go on, Mr. Speaker. I think I might make mention of the latest employment figures. The latest figures are those as of June 21 issued on July 21. These are the official figures compiled jointly by the Department of Labour and the dominion bureau of statistics. They show that on June 21 the number of Canadians who had jobs was 5,794,000. That figure was an increase of 129,000 over the figure for one month earlier and it is only 40,000 less than the figure of one year earlier.

These are significant figures, Mr. Speaker. They are not to be brushed aside after the fashion of hon. members opposite. If they had referred to the actual release to which I have referred they would have seen that the estimated number of persons without jobs and seeking employment decreased by 46,000 during the month to 320,000, representing 5.2 per cent of the labour force compared with 2.7 per cent a year earlier. The number of persons with jobs who were laid off for the full week declined another 4,000 to 15,000. These figures indicating the decrease in unemployment are, I think, figures that fully bear out what I had to say in the budget speech when I said, as found on page 1233:

> Once again the latest figures are encouraging, showing a rapidly narrowing gap in the percentage of unemployed as compared with a year ago.

On June 21 the gap was down to 40,000 out of a total labour force of approximately six million.

So, Mr. Speaker, the government is quite prepared to stand by the budget. The government is quite prepared to stand by the forecasts upon which the budget was based. The government takes its responsibility in doing so. The government had access to the best and very latest advice in the country available at that date.

The budget was not born in an attitude of black pessimism. It was not born, on the other hand, of any Pollyanna attitude of disregarding the existence of facts in the economy that are unfavourable. The budget was based upon a realistic and factual appraisal of all of the factors at work in the Canadian economy at June 17, whether favourable or unfavourable, and that basis of budget writing has not been called into question by anything that has been said in the house by the Leader of the Opposition (Mr. Pearson). In writing budgets we do not intend to follow the example of hon. gentlemen opposite who glory in gloom and who are unhappy in the face of the strength of the Canadian economy.

We witnessed a demagogic display last evening on the part of the Leader of the Opposition put on for what were thought to be the partisan interests of the official opposition. Evidently it did not matter to him that he might in the course of his irresponsible remarks be doing damage to Canada's credit or shaking confidence on the part of Canadians, if there are any who pay any attention to anything that the Leader of the Opposition says. After what he said last night it is perfectly clear to all Canadians that the opposition does not want improvement in economic conditions in Canada. What they want is a condition of affairs under which they can derive some partisan advantage, and so if there is not room for gloom, if there is not occasion for gloom, they are not going to be happy unless they create gloom.

Mr. Pickersgill: Who is talking demagogically now?

Mr. Fleming (Eglinton): Mr. Speaker, the Canadian people are realistic people. They look facts in the face, not just some of the facts but all of the facts—

Mr. Pickersgill: When they are allowed to.

Mr. Fleming (Eglinton): —and the budget was based upon that Canadian approach to problems. It looked all of the conditions in the face, whether favourable or unfavourable.

Mr. Pearson: Except this report.

Mr. Fleming (Eglinton): The proposals to the house in the budget are based upon a realistic review and estimate of all the factors at work in the Canadian economy and, Mr. Speaker, we are quite content to be judged by the test of time on the accuracy and fairness of those budget forecasts.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, we have listened to the Minister of Finance (Mr. Fleming) make a speech that took almost two hours, a lengthy speech with a

great deal of repetition in which the minister failed entirely to deal with the point under debate, namely—

Mr. Chevrier: Hear, hear.

Mr. Argue: —whether or not excerpts in the Toronto *Star* are from a report on Canada's economic prospects for 1958.

Mr. Fleming (Eglinton): That is not the amendment at all.

Mr. Argue: That is what the debate is about and that is what members have been talking about. Nevertheless the Minister of Finance spent two hours talking and succeeded in avoiding the question. I think he should be awarded some kind of prize or laurels by the Prime Minister (Mr. Diefenbaker) because in my opinion it is not by accident that the Minister of Finance entered the debate at the time he did. He has a reputation of being the most longwinded speaker in the house and the government knew that all it had to do was to put up the Minister of Finance and he would warm over the budget.

Mr. Fulton: He is not half as boring as you are.

Mr. Argue: He quoted it at great length last night with one eye on the budget and one eye on the clock, never asking himself whether or not long quotations from a previous debate were in order.

An hon. Member: A new form of closure.

Mr. Argue: But who are the ministers mainly involved? I suggest there are two, the Minister of Trade and Commerce (Mr. Churchill) and the Prime Minister. Oh, how the Prime Minister ridiculed the former government for having hidden this very report of one year earlier and accused them of misleading the Canadian public. There is no doubt that that hidden report, that secret document, the suppression of which was made to appear a nefarious act on the part of the former government, had something to do with the huge majority which the government has and the very small numbers in the opposition.

Oh, what a wonderful thing from the standpoint of the government that the election is over and they do not have to face the Canadian people now to be confronted with having done the very thing that they condemned the former government for having done—

Mr. Grafftey: Have you seen the recent Gallup polls?

Mr. Argue: —and having done it under circumstances where parts of the report have already appeared in the press undenied by the government in spite of the castigation of the former government by the Prime Minister for the attitude it had taken. We want to hear in this debate from the Minister of Trade and Commerce who is responsible for this report. I should like to hear from the Prime Minister. I notice that the Prime Minister has a very excellent way from his standpoint of dealing with debates.

When he thinks he has the Leader of the Opposition (Mr. Pearson) over a barrel, as soon as the Leader of the Opposition sits down the Prime Minister rises and attacks, and with what glee. But if the Prime Minister is not certain of his ground, if he needs time to do some homework, if he is on the spot, he puts forward the Minister of Finance who will talk louder and longer on any subject than any other member of the cabinet is able to do. It is no wonder to me we have not heard from the Minister of Trade and Commerce.

Mr. Churchill: You will.

Mr. Argue: If any cabinet minister was ever in a mess, it is this cabinet minister. He is in trouble not only in the house—

Mr. Fulton: The longer you talk, the less trouble he is in.

Mr. Argue: We like to hear from the Minister of Justice (Mr. Fulton) too. He is the smart boy who is not allowed to get into debates very often. He is deliberately kept at the far end of the cabinet benches in this house because there is not going to be any competition with the chosen few. However, when there is any difficulty, he moves up. He sits beside the Minister of Trade and Commerce so he can whisper fine, legal and technical points in his ear and keep the Minister of Trade and Commerce, if possible, from putting his foot in it, from getting into trouble. On page 3064 of *Hansard* for yesterday, the minister had this to say about the report:

> Mr. Speaker, there is nothing in the Toronto *Star* story to indicate what report of the various reports that I receive was being referred to.

Here is what the Toronto *Daily Star* says in part:

> The trade and commerce department's hitherto secret report on Canada's 1958 economic prospects—

Does that identify anything?

> —is considerably more pessimistic than the budget forecast of Hon. Donald Fleming, finance minister.

The Minister of Trade and Commerce does not know what the report is on Canada's 1958 economic prospects. He said there is nothing in the article to identify the report.

Then, in the next paragraph the Toronto *Daily Star* reporter, Mark Harrison, has this to say:

> The report—which the government has consistently refused to table in the House of Commons—

Does that identify the report? Has it anything to do with the statement of the Prime Minister when he would not allow the motion of the hon. member for Bonavista-Twillingate (Mr. Pickersgill) to pass? But, no, the Minister of Trade and Commerce has his head in the sand. He said there is nothing in this article to identify the report. Then, the article goes on:

> The report, made annually to the government by its top economic advisers,—

That does not identify the report; not at all.

> —is normally one of the main factors upon which the finance minister bases his budget calculations. Last spring, prior to the election, the Conservatives accused the Liberals of ignoring the 1957 version of the report in framing the budget for that year.

The Minister of Trade and Commerce says there is nothing in the Toronto *Star* article to identify the report. Who does he think he is trying to kid? Then, he goes on to say that he could not say whether the excerpts, as produced in the Toronto *Star*, came from this report. The minister did not know to what it referred, so he did not make any inquiries at all. Whenever we have talked about the report it has sometimes been called a report, sometimes an outlook, sometimes prospects. There is no hard and fast description of this report, apparently, and even the Minister of Trade and Commerce does not think so because on July 18, at page 2411 of *Hansard*, the minister said this:

> The economic survey for 1958 will be studied very carefully, and has been studied very carefully, and the government, in its judgment, will act in accordance with that report, as we thought the former government should have done.

The Minister of Trade and Commerce identifies the report very loosely as the economic survey. Yet, he says there is nothing in the Toronto *Star* story that would indicate to him what the report is. In order to permit the Minister of Trade and Commerce to do a little homework, may I say that I have in my hand Sessional Paper No. 227, Monday, January 20, 1958, which, without any evidence to the contrary, I take is the 1957 version of the document under discussion. On the first page under the heading "Foreword", we find this:

> This report continues the regular series of statements on the economic outlook prepared for the use of the federal ministers and civil servants concerned. The purpose of the report is to appraise the influences operating in the economy as they are likely to affect the general level of economic activity in 1957. This report was finalized before the presentation of the federal budget.

I would have thought that was sufficient identification to suggest to the minister that the Toronto *Star* was talking about this report, its 1958 version. Does the Minister of Trade and Commerce really think that the members of this house will agree with him, will take at face value his statement that there is nothing in the Toronto *Star* story to indicate to which of the various reports he receives reference is being made? The very fact the minister makes this statement, the very fact the Minister of Finance has failed to deal with this report, demonstrates to me that the evidence that is accumulating proves the Toronto *Star* was on the right track; that it had the report and the excerpts, in general, if not in toto, are correct.

To what great lengths has the Minister of Trade and Commerce gone to deny subsequent reports in the press of interviews with him. Bruce Phillips' report is apparently inaccurate, but he talked to the minister. It would be nice to hear from the minister about this report. Yesterday the minister said the story by Richard Jackson in the Ottawa *Journal* was without foundation. He is a very excellent and competent reporter, but his story is again without foundation. Then, Peter Dempson, who has been in the press gallery for years, his story in the Toronto *Telegram* is without foundation. The Minister of Trade and Commerce says that Clark Davey's story in the *Globe and Mail* is without foundation. The Minister of Finance says that if it is in the Toronto *Star*, it is suspect. It is a bad newspaper because it supports the Liberals. But he cannot say that about the *Globe and Mail*, and I agree it is a fair newspaper.

Mr. Churchill: On a point of order; may I interrupt at this point?

Mr. Robichaud: Oh, he is speaking.

Mr. Churchill: The hon. member is, by inference, casting doubt on my statement made at the opening of the house yesterday.

Mr. Speaker: I think what the minister says is correct. The hon. member for Assiniboia (Mr. Argue) should be careful not to question the statement made by the Minister of Trade and Commerce in his place yesterday, on a subject within his knowledge.

Mr. Argue: I am not questioning what the Minister of Trade and Commerce said. I am saying that on one side we have what the minister says, and on the other side we have the statements of four important pressmen.

Mr. Pickersgill: Do not forget Mr. Mackie.

Mr. Speaker: May I ask the hon. member if he does not believe that that very comparison is a challenging of the statement made by the minister?

Mr. Argue: We have to accept the statement of the Minister of Trade and Commerce; the minister who is known as the minister

without foundation. What has been the attitude of the government in recent weeks so far as the press is concerned? One cabinet minister will stand up and say the press is all wrong. There were 20 at an interview, but they are mistaken. Mr. Paul Henri Spaak at a press conference says that NORAD is not a part of NATO. But the press are all wrong; he did not say it.

Mr. Fleming (Eglinton): Order.

Mr. Argue: Somehow or other it is incorrect. May I say that I am prepared to accept the words of the Minister of Trade and Commerce.

Mr. Churchill: Thank you very much for your change of attitude.

Mr. Argue: That is part of the rules of this house. But I would suggest that there should be a meeting, in the light of all these events that have taken place, of the standing committee on privileges and elections.

Mr. Speaker: Order. If the hon. member is about to say what he appears to be leading up to, I suggest that if he wants to make a motion to question anything—

Mr. Fulton: Let him have the courage to make a motion of privilege.

Mr. Speaker: —in the conduct of the minister, that is all right; but as long as the minister's statement stands in the house, I ask him not to skirt around it and question it and challenge it. He knows that is contrary to the practice of this house.

Mr. Argue: Mr. Speaker, I should be very happy to consider a substantive motion if I knew of some way of getting it on the order paper. But since notices of motions will disappear four days from now and have no validity after the guillotine motion of yesterday, it is impossible for me to move such a substantive motion. But what I was going to suggest was not that we bring the Minister of Trade and Commerce to such a committee but that we should bring to the committee the members of the press gallery who have been referred to in order to see what has happened to them that they have forsaken—

Mr. Fleming (Eglinton): Order.

Mr. Green: Mr. Speaker, you have already pointed out to the hon. member that he should not follow up this line of argument.

An hon. Member: Stop whining.

Mr. Green: I suggest that if the hon. member will not follow your ruling, Mr. Speaker, he should sit down and keep quiet.

Mr. Pickersgill: More closure.

[Mr. Argue.]

Mr. Green: He had no right to do what he is doing. This matter was dealt with yesterday on a question of privilege and he is trying to get around what was done yesterday.

Mr. Pearson: I rise on a point of order. The Minister of Finance has just spoken for two hours. During most of that time he could hardly have got farther away from the amendment than he did. During that time he challenged the patriotism, the veracity and everything else of myself and other members of this party. You quite rightly gave him a good deal of latitude because of the nature of the debate and of the amendment. I suggest that the same latitude should be extended to my friend the hon. member for Assiniboia.

Mr. Fulton: I rise on the point of order that has been referred to, namely the attempts made by my friend the hon. member for Assiniboia to bring into question statements made and the word given by the Minister of Trade and Commerce yesterday. I suggest to you, Mr. Speaker, that my hon. friend should not be allowed to hide behind the camouflage he has just tried to throw up with regard to this not being capable of being put on the order paper in the form of a motion of privilege. If my hon. friend has the courage to back up the words he has used, may I point out to him that a motion of privilege can be entertained at any time. If my hon. friend has the courage of his convictions then let him not try to hide behind what was done yesterday with regard to amendment of the rules. I say this because I submit to you, Mr. Speaker, on the point of order that the hon. gentleman should not be allowed to proceed, to talk and to indicate that he does not accept the word given by the Minister of Trade and Commerce yesterday. If he does not accept that word, then let him have the courage of his convictions and bring in a motion based on privilege and we will meet him on his own ground.

Mr. Argue: Mr. Speaker—

Mr. Pickersgill: May I say a word on the point of order raised by the Minister of Justice. It seems to me—

Mr. Speaker: Order. The point of order is that further objection was taken to what the hon. member for Assiniboia was saying. It is clear what course he is directed to follow by the rules and by custom. The question is a very narrow one at the moment, namely whether he is trespassing again.

Mr. Pickersgill: That is precisely the point to which I desire to address myself. I was listening very attentively to the hon. member and it seemed to me that he stated quite clearly that he accepted the word of the

minister and that he was about to say that he thought there ought to be an investigation of the press gallery. Surely he is not going to be restricted in making that kind of an argument.

Mr. Speaker: That is the way the matter appealed to me and that is why I allowed him to proceed. I am not sure that it was not a left handed way of approaching the matter. Will the hon. member proceed and try to keep within the directions which are amply clear?

Mr. Argue: When I am speaking I think my left hand works about as well as my right hand. But I would suggest that the Minister of Justice did not increase his stature when he raised this point of order, with the language he used about hiding behind a camouflage.

Mr. Speaker: The point of order is now disposed of. We are debating an amendment, if I may read it again for the benefit of the hon. member. Perhaps I do not need to read the amendment. As I said before, the debate is much wider than the terms of the amendment introduced by the Leader of the Opposition.

Mr. Martin (Essex East): Speaking on the point of order, Mr. Speaker, I suggest that in view of the relatively large numbers who sit on the opposite side, it is necessary for us in the opposition to take every advantage of the practice of this house to state our views. The Minister of Justice tried to refer to the hon. member for Assiniboia as an hon. gentleman in this instance lacking in courage.

Mr. Fulton: No; I did not; I said if he had the courage of his convictions he would make a motion of privilege.

Mr. Martin (Essex East): Surely he is not to be denied the right to defend himself against the aspersion made by the Minister of Justice. There are many things which the hon. member for Assiniboia does and says with which I do not agree. But no one can fairly accuse him of lack of courage.

Mr. Speaker: I do not want to prevent the hon. member for Assiniboia from replying to any such aspersion. That was said in the course of a discussion on the point of order. I was hoping that we had disposed of that point of order and were back on the debate now.

Mr. Argue: Mr. Speaker, I was not trying to raise another point of order because I am not so thin skinned in this debate as apparently are some other hon. members. But when the Minister of Justice raised this question which he said reflected on the Minister of Trade and Commerce I was saying that in raising that particular question he reflected on me by saying that I was endeavouring to hide behind a camouflage, and he questioned my courage. I do not ask him to withdraw. He can leave that on the record, as far as I am concerned. I am willing to meet him in this house in debate on the merits of the subject and I do not have to whimper about his remarks.

Mr. Fulton: I was merely suggesting—

An hon. Member: Sit down, buttercup.

Mr. Fulton: I was merely suggesting that the hon. gentleman raise the matter in the proper way so we could meet on the issue. The words I used were that if he had the courage of his convictions he would raise it in the proper way.

Mr. Argue: I think I am raising it in the proper way; and I tell the Minister of Justice that I have the courage of my convictions and I ask him to enter this debate and to let us see how he can account for himself.

An hon. Member: He can account very well.

Mr. Argue: A few days ago, in the city of Montreal, I had an opportunity to say in a public way something I should like to repeat now. I feel that generally speaking the members of the press and the members of the press gallery in this house are gentlemen of honour who report the proceedings of this house in a fair and reasonable manner. That is why I have suggested that this committee might meet in order to see whether or not they had departed from what I believe has been their customary practice. As to the references to the press gallery, may I say that if at times they overlook some of the things I say, and perhaps in their wisdom, I do not complain. I do not ask them for any quarter. However, I think the members of the press gallery have earned a reputation in this house that has not been helped by the Minister of Trade and Commerce.

Mr. Speaker: Order. May I remind the hon. member again that we are not debating the reliability of the press gallery in this motion.

Mr. Argue: We are not debating it, Mr. Speaker, but I have been trying to say that it is a fact. I know that in the committee on external affairs and in other committees of this house many ministers and members rely a great deal on the newspaper reports.

Mr. McGee: May I ask the hon. member a question? Is he aware that one of his

colleagues made a statement last week to the effect that the press of this country is incompetent?

Mr. Argue: I am not too sure to which member the hon. member refers.

Mr. McGee: The hon. member for Port Arthur.

Mr. Argue: I do not know to what the hon. member is referring, but I think the hon. member for Port Arthur (Mr. Fisher) can take care of himself.

An hon. Member: That is more than you can do.

Mr. Pickersgill: The hon. member can take care of the hon. member for York-Scarborough (Mr. McGee).

Mr. Argue: I am sure the hon. member for Port Arthur is able to take part in any debate in this house and to defend himself regarding anything he might have been reported as having said.

Mr. Speaker, I had thought that we were talking about this hidden report, but the minister has warmed over his budget speech, he has made a lot of extravagant statements today as he did yesterday, many of which he made in his budget speech. He made one statement which was not extravagant and which is correct, namely that Canada's exports of wheat have gone up by 50 million bushels. I asked him about the price and he said it was the highest price in the world; when I questioned him further he said, "The highest price in a free market". Why is it lower than the Chicago market price by 20 cents? I have in my hand the most recent edition of the international federation of agricultural producers publication, the *IFAP News,* which reports the prices of wheat paid in eighteen countries, and I see that Canada has the distinction of paying the lowest price.

Mr. Fleming (Eglinton): Surely, Mr. Speaker, my hon. friend realizes we are talking about wheat in the export markets.

Mr. Argue: I said that the farmers were getting the lowest price since the end of the war. The minister has said it is the highest price in a free market, which is not true; that just is not true. The prices start with Canada having the lowest price of $1.40 per bushel, the United Kingdom $1.50, just 10 cents more, Argentina, $1.52, Australia, $1.63, and so on, up and up and up, until you come to Turkey with a price of $4.46 per bushel.

Mr. Fleming (Eglinton): What are you talking about?

Mr. Argue: The nub of what we are discussing and the thing which I think bothers Canadians most at this time is that this government is now prepared to hide a report which it accused the former government of having hidden. Although this government used a roundabout and tortuous way of gaining votes on March 31—which they did gain—now, when they are faced with identical circumstances they run away and they are not consistent. They will not disclose this report, but for the Canadian people one of the most interesting and important aspects of the matter is that when the Liberal government was advised that we were in for tough times and that unemployment would rise, they did little or nothing. When the same group of economic advisers in the same government department advised this government that we were in for tough times and that the economic prospects were not good, that there would be only a 0.7 per cent increase in the gross national product, that business investments would drop by about 10 per cent in 1958 and would be likely to continue to drop in 1959, they did nothing about it either. They painted a glowing picture and all they have done is to state they are going to reconvert Canadian bonds and to increase the interest rates in order to get back to the high interest rate policy which they condemned the former government for having so long followed.

The Minister of Finance this afternoon talked about increasing unemployment figures and he took satisfaction—and this is what amazed me—in the employment figures for June, which he said were only 40,000 less than one year earlier. Just 40,000 worse than when the Liberals were in power, and the Conservatives painted such a terrible picture of conditions when the Liberals formed the government in Canada. Now that the Minister of Finance and his colleagues are in charge of the administration, however, the prospects for employment are worse, to say nothing of the existing unemployment situation. In June, instead of 162,000 persons without jobs and seeking work—as there were last June when this government took office—after the Minister of Finance has brought in his budget, after the government has read, studied, digested and concealed this report, unemployment is twice as great.

There is only one statement of the minister's which struck a somewhat sympathetic note with me, and that was when he was speaking of the rather weak amendment from the official opposition. If that amendment was a bit anaemic we hope to give it a blood transfusion, and it is my pleasure at this time to move:

That the amendment be amended by adding the words:

"and further that its action in ignoring 'The Canadian Economic Outlook for 1958' as indicated

by the reported and undenied excerpts from it, has prolonged the recession and has caused suffering for thousands of Canadians because of unemployment."

Some hon. Members: Oh, oh.

Mr. Fleming (Eglinton): Rubbish.

Mr. Argue: There are two things involved in this debate. One is the attitude of the government which says, "If the former government did something it is wrong, but if we do it, it is right." Secondly, the attitude of this government in having failed to act on this very important set of recommendations in order to provide full employment and a buoyant economy in 1958.

Some hon. Members: Hear, hear.

Hon. Paul Martin (Essex East): Mr. Speaker, under our form of administration in Canada the anonymity and the integrity of the public service is essential for the maintenance of good government and that is the principle behind the amendment moved in this house last night by the Leader of the Opposition (Mr. Pearson). We have now been confronted with another amendment and I have just had an opportunity to glance quickly at its terms. My immediate reaction is that it would be difficult to fully accept its terms unless the Prime Minister is prepared to do what the Leader of the Opposition asked last night, namely to give us the opportunity of knowing precisely, in its full form, the nature of the economic survey which the Prime Minister (Mr. Diefenbaker) stated a few weeks ago would be made available only at the beginning of 1959.

We have had a defence of this attitude from the Minister of Finance (Mr. Fleming). I would have thought, however, that in accordance with the position he holds, both as leader of the house and as the Queen's first minister, the Prime Minister would have regarded it as his duty to make a statement on Saturday last, or certainly not later than Monday, with regard to what is alleged to be the disclosure of a document which, in accordance with his own language and view as stated in this house a few weeks ago, is of a confidential character and is one which would not be made available to parliament until the beginning of 1959.

Instead we have had inadequate replies to our interrogations by the Minister of Trade and Commerce (Mr. Churchill), and the defence of the government has been made by the Minister of Finance. But not a word has been said regarding the charge implied in the speeches which have been made on this side of the house or as to the terms implicit in the amendment moved by the Leader of the Opposition. It was, rather, for the Minister of Finance who, notwithstanding the fact that he delivered the longest budget speech in Canadian history—

Mr. Fleming (Eglinton): Oh no.

Mr. Martin (Essex East): —to think it was of such value that within two months it ought to be repeated again, in the same chamber where originally delivered.

Mr. Fleming (Eglinton): You invited it—you and your leader.

Mr. Martin (Essex East): The question before us is this: are we to regard as legitimate the practice that our public servants and cabinet ministers should have the right to disclose to parliament or to other agencies, or to the nation at large, documents prepared for the confidential use of members of the government? How are we going to be able to carry on government in a country such as ours, and on lines such as are the practices and traditions in the United Kingdom, if public servants, selected on the basis of merit, for their training, and their competence, are going to have their anonymity destroyed; if they are going to be placed in the position of knowing that on some occasion the administration, or a member of the administration, may disclose to the public information given confidentially to a minister or to the government as a whole? That is the serious issue involved in this particular amendment, and it does not warrant the adjectives or the characterization given to it by the Minister of Finance who has acted, during the past two hours, in a most irresponsible manner. He is the recipient, as is the Prime Minister, of confidential documents from time to time which have to do with the conduct of government both on the domestic and international level. What the Leader of the Opposition has done has been to bring home to the government and to the house the importance of maintaining the principle of public service integrity and anonymity.

But this principle has been violated in this instance by an alert and ingenious newspaperman who was able, apparently, to provide for his newspaper certain excerpts from a document which has been denied this house. In asking that this document be tabled, the only reason why we are doing so is because of the fact that publication has taken place outside this house, and the only way to clear up this matter is, as the *Globe and Mail* said this morning, for the government to table the whole document so that this practice will not be repeated. I say now to the Prime Minister that if he wishes to live up to the implications of his reply the other day he should take the

course suggested by the *Globe and Mail*, a newspaper which, generally, is not unfriendly to him and to his government.

But this whole business did not begin within recent days. It began on January 20 last. That is the situation, and I know it is one that greatly disturbs the Prime Minister at this very moment. That is why he did not rise and speak at the beginning of this debate; that is why he did not, as Prime Minister, rise on a question of privilege on Saturday last and take a course which a prime minister under our constitutional tradition and practice should have taken, and which has been taken by his predecessors on other occasions.

He was precluded from taking that course by two inconsistent positions; first, that taken in answering a question put to him a few weeks ago, when he was asked to table the report by the hon. member for Bonavista-Twillingate (Mr. Pickersgill), and then by his own action on January last. His action and his utterances on January 20 last are now well known to this house and to the country. The previous administration, he argued, was responsible for unemployment. This government, of which he, the right hon. gentleman, is Prime Minister, was saddled with a legacy left to it by the previous administration. "Why do I say that?" said the Prime Minister. "I say so because I have here a document which records the fact that the former administration knew that the economic situation which now confronts the nation would eventuate." This was a document which the Prime Minister admitted, after persistent questioning by the then hon. member for Winnipeg North Centre, was marked "confidential". Of course, he would table the document readily, having been requested to do so by the hon. member for Winnipeg North Centre—

Mr. Diefenbaker: Did not the hon. gentleman say he must table it?

Mr. Martin (Essex East): Quite correct—that the hon. gentleman must table it, having already read it. Under rule 217, the Prime Minister had no other recourse. But he should not have waited for the hon. member for Winnipeg North Centre to suggest that the document be tabled. What did the Prime Minister do? He read excerpts from this confidential document and did the very thing which the Minister of Trade and Commerce now says the reporter of the Toronto *Star* should not have done.

Here is what the right hon. gentleman said at page 3522 of *Hansard* for January 20, 1958;

> I intend to establish as clearly as the printed word will make possible that during the months of March, April, May until June 10, my hon. friends concealed from the Canadian people the facts. They know that.

I well remember the force and the fervour which accompanied the use of those words by the Prime Minister. And then, even stronger, at page 3526 of *Hansard* for the same date he said:

> Today one looks back and realizes that these men who were in power did not do that of which my hon. friend spoke in such colourful terms the other night. He said we must not conceal facts, but I put it to the hon. members opposite—every one of them in the official opposition—that they hid the facts; they concealed the record; they did not let the Canadian people know what was taking place.

The Prime Minister argued that this economic survey of 1957, marked "confidential", prepared for the private use of members of the government by officials in the Department of Trade and Commerce, should have been made known, should have been tabled, should have been revealed to the Canadian people before the 21st of June, 1957. That is what the Prime Minister was arguing. He attacked the new leader of the Liberal party that night with vehemence, and used a method that I do not think has very often been employed in this house, particularly by one who holds the high office of Prime Minister. He said, in effect: what does it matter if this is a document which was prepared by the public service for the confidential advice of a minister of the crown? It will suit my political purpose. I will vanquish the Leader of the Opposition if I simply reveal this document in a dramatic way on the occasion of his first speech as leader of the Liberal party. I will satisfy my followers; I will gain votes in the country.

Mr. Fleming (Eglinton): That is what he did.

Mr. Martin (Essex East): The minister says "that is what he did", and he is right. And I would think, in view of the attitude taken by the Prime Minister with regard to the 1958 survey, that that is not a very proud achievement for the hon. member to recall on this occasion.

Mr. Hodgson: You fellows hid that report for 20 years.

Mr. Martin (Essex East): If it was right for the previous administration to take the people of Canada into their confidence with regard to the report of 1957—and I say the government was justified in not revealing a document that had been prepared by the public service under the circumstances I have mentioned—if it was right and if it was the duty of the government to lay this information

before the Canadian people and before parliament, I ask the Prime Minister now, urging him to take part in this debate, to tell the house, having in mind the record in this matter, having in mind the way in which he used the 1957 report on January 20 last, and having in mind what he told the Canadian people about the way the previous administration had kept and withheld secrets from the Canadian people, how in the parliament of our country he can possibly justify refusing at this time to do what the Leader of the Opposition has requested, to do what the Toronto *Globe and Mail* urged this morning should be done, and table that document so we can find out whether or not the partial publication of this in the Toronto *Star* was taken from the economic survey of 1958.

No amount of debate, no amount of histrionics, no amount of subterfuge or irrelevancy in debate by the Prime Minister who is a past master at it will be able to provide a justification for not answering the question which I now put. Why will he not in the month of August 1958 in connection with a report prepared for this year table that report when he urged that a similar report prepared for 1957 by the same people and under the same auspices and for the same purposes be tabled?

The Prime Minister receives young visitors in his office frequently and tells them about the history of parliament, and about our free institutions and I really think he is to be commended for that because the people of Canada must look to their prime ministers for exemplary conduct. But I ask him in this instance as man to man, does he not realize that having taken the position he did the only way in which he can live up to the high standards he has set for himself and so properly is to take the same course as Prime Minister in 1958 that he took in the month of January prior to the general elections which resulted in his return to office? That surely is a request based upon an unanswerable argument. There can be no question about it. The only reason the Prime Minister can have for not revealing this information is that it bears out exactly what the Leader of the Opposition said last night and which some of us said during the course of the debate, and that is that the budget prepared by the Minister of Finance was not in harmony at least with the economic report prepared for 1958 by the Department of Trade and Commerce.

The Minister of Finance says he has other sources on which he must rely, the Bank of Canada and his own official advisors of the Department of Finance. That is true, of course, but now that this document has been partially revealed and in my judgment only for that reason we are entitled to have the full report so we can ascertain whether or not the conclusions of the Minister of Finance with regard to the future are in harmony, at any rate with this one particular report.

Mr. Fleming (Eglinton): You did not accept those conclusions anyway.

Mr. Martin (Essex East): My hon. friend says that I do not accept those conclusions but that is not the question. The only question before us is whether or not this government, having refused to table a document which it said we should have tabled in 1957, is prepared to exercise its responsibilities in accordance with our law as provided in the Official Secrets Act. The Minister of Justice (Mr. Fulton) will, I hope, give careful consideration to what I am now going to argue.

The Minister of Trade and Commerce denied yesterday that he had said to any newspaperman that he was "running this thing down" to use his own words as contained in his statement of privilege yesterday. I have before me the Ottawa *Journal* of today in which the Minister of Trade and Commerce is reported as having told Mr. James McCook of that newspaper, one of the most reliable men in the press gallery—

Some hon. Members: Hear, hear.

Mr. Martin (Essex East): I am glad that hon. gentlemen opposite applaud newspaper people because this government yesterday and on other occasions, as the hon. member for Assiniboia (Mr. Argue) has reminded us, has not always acknowledged the objective treatment given by members of the press gallery with regard to its policies and statements. Here is what the Minister of Trade and Commerce is reported by Mr. McCook to have said yesterday after this debate:

> Mr. Churchill told the *Journal* outside the house that he had taken only these steps when informed of the article published in Toronto:
>
> 1. Asked for the number of copies of the confidential report issued and the distribution list.
> 2. Asked for the names of those who prepared the report.

And then the article goes on in these words:

> The minister said that the next step, if any, by the government or himself had not been decided.

Does the government not regard the publication of even a partial report as a development that is of the utmost concern to it as a government particularly in the light of the fact that the Prime Minister said, notwithstanding what he had said in the month of January, that this economic survey for 1958 could not be made public now in the interests of the nation, to paraphrase his words, until some time at the beginning of 1959? Is there

no responsibility on the part of the government to pursue this matter? Has the Minister of Trade and Commerce done nothing more than to ask for the names of those who prepared the report and asked about the number of copies of the confidential report that were issued? Will the Minister of Trade and Commerce now deny that this report goes to every minister of the crown? Did he have to inquire who prepared this report? This report goes to him first and presumably after he has perused it it goes to the Minister of Finance, the Prime Minister and other members of the government.

Is this the extent of the investigation being made by this government with regard to a document which the Prime Minister said in the interests of the nation could not be given to the parliament of Canada and to the people until the beginning of 1959? Is that the extent of the investigation? Is this matter of no concern to the Minister of Justice? Has it not concerned the Prime Minister? I would call the attention both of the Prime Minister and the Minister of Justice to section 4 subsection 4 of the Official Secrets Act to be found in the Revised Statutes of Canada, 1952, volume III, chapter 198 which reads as follows:

4. (4) Every person who

(a) retains for any purpose prejudicial to the safety or interests of the state any official document, whether or not completed or issued for use, when he has no right to retain it, or when it is contrary to his duty to retain it, or fails to comply with any directions issued by any government department or any person authorized by such department with regard to the return or disposal thereof; or

(b) allows any other person to have possession of any official document issued for his use alone, or communicates any secret official code word or pass word so issued, or, without lawful authority or excuse, has in his possession any official document or secret official code word or pass word issued for the use of some person other than himself, or on obtaining possession of any official document by finding or otherwise, neglects or fails to restore it to the person or authority by whom or for whose use it was issued, or to a police constable; is guilty of an offence under this act.

That is a very important statute. If one looks at the most recent discussion in the house based on that act he will find that in introducing amendments to the act the government of the day postulated as one of the reasons for the legislation that the public service could carry on under our system of government in a way that would preserve its integrity and not invade the anonymity which public servants under our system have a right to expect. It is the duty of the government not to make the halfhearted investigation indicated by the Minister of Trade and Commerce who, after the fourth day, now says, "I will find out how many copies there are, I will find out the name of the men who wrote the report", notwithstanding that the two authors, if the papers are correct, are well known officials of the Department of Trade and Commerce of which the minister apparently is not so fully cognizant at least in so far as this particular is concerned.

Is the matter to stop there? Has the Prime Minister asked his colleagues how this document left the secret compartment that it was supposed to have until the beginning of 1959, according to his revised version of how a government should treat this confidential and secret document prepared for the use of the administration by the public service, this post-election version as the Leader of the Opposition mentions. Has any inquiry been made of his colleagues? Was it given out by the Secretary of State for External Affairs (Mr. Smith)? I do not believe it was. Was it given out by the Minister of Justice? Was it given out by the Minister of Trade and Commerce himself? It would be hard to believe that it was given out by the Minister of Finance because he said he had not seen it. Apparently he prepared his budget without referring to it, without knowing anything about it.

Mr. Fleming (Eglinton): What are you talking about?

Mr. Martin (Essex East): I am asking the Minister of Finance, did he give it out?

Mr. Fleming (Eglinton): No, you made a statement and not a very reliable one, either.

Mr. Martin (Essex East): I am sure the Prime Minister did not. Did the Minister of Public Works (Mr. Green) inadvertently give it out?

An hon. Member: He does not give anything out.

Mr. Martin (Essex East): Other ministers are not here. The Minister of Agriculture (Mr. Harkness) is not here. His seatmate is not here. I cannot ask them. The Secretary of State (Mr. Courtemanche) looks at me so genially that I wonder whether he could have possibly given it out. I know the Minister of Labour (Mr. Starr) would not. I think he would be too prudent to allow himself to do that. At any rate he was engaged in the interests of the nation at a conference outside this country at the time, I presume.

Mr. Starr: In January?

Mr. Martin (Essex East): No, this document was given out only within the last few days.

Mr. Churchill: How do you know?

Mr. Martin (Essex East): Because it only appeared in the Toronto *Star* on Friday.

Mr. Churchill: You have some information.

Mr. Martin (Essex East): I like to see the Prime Minister jump at that last remark. I know him so well and I simply want to anticipate the Prime Minister. I simply want to say to the Prime Minister—

Mr. Fleming (Eglinton): Did you have it? Come clean.

Mr. Martin (Essex East): —that I forewarn him that I knew nothing about the document and if I did—

Mr. Fleming (Eglinton): Come, come!

Mr. Martin (Essex East): —the Prime Minister would have been the first to know about it, as he knows.

Some hon. Members: Oh, oh!

Mr. Martin (Essex East): What about the Minister of National Health and Welfare (Mr. Monteith) and my genial friend who sits next to him looking at me so affectionately at this moment?

Mr. Fleming (Eglinton): Don't kid yourself.

Mr. Fulton: You are doing us a lot of good, Paul.

Mr. Martin (Essex East): In view of the importance of our mineral wealth, did he decide to give it out? Perhaps he does not know the newspaper or the reporter in question. But there are at least 18 or 20 members of the government, every one of whom has a copy of the document, and they may well rise in their places and tell us whether they can say "Mea culpa, mea culpa" or "Mea maxima culpa."

Mr. Churchill: That is what you say.

Mr. Martin (Essex East): The reason I say they could easily have given out this post-election version is that they gave out the earlier one. The Prime Minister himself gave it out when on January 20, 1958, he said, "I have no hesitation; here is the confidential document that reveals the state of the nation and which is responsible for the situation that now confronts us." On the basis of that kind of reasoning, why should the Prime Minister not have given out this particular version? I am not suggesting that he did but why should he not have? He had no hesitation in doing so in the month of January in a debate in the house.

The Minister of Finance seeks to escape the terms of the amendment before us by drawing a red herring and telling us again about the classical words and the great thoughts involved in his monumental budget. I say to the Minister of Finance: What we are anxious to find out and what the people of Canada are anxious to find out is whether or not the Minister of Finance, in the framing of that budget, took into account this particular report because according to the report there are some very serious variations between the position taken by the Minister of Finance and the position taken in the report as it appeared in the Toronto *Star*.

Here is what the Minister of Finance said in his budget speech, as found on page 1235 of *Hansard*:

> —with due regard for the resourcefulness of the Canadian people and the determination of this government I have no hesitation in budgeting on the basis of a resumption of the rise in incomes and production.

The Toronto *Star* version of the economic survey for 1958 reads as follows in this particular, to quote from Mr. Harrison's article:

> There is little basis for anticipating the renewal of any significant upward trend in over-all production and employment before the latter part of the year at least. In view of the downward momentum now present in the economy it is questionable whether any firming trend in the latter part of the year would be sufficient to bring over-all production for 1958 as a whole up to the level of the preceding year.

I do not know whether or not that was contained in the report but what I do know and what the Minister of Finance knows, notwithstanding his diversionary tactics today and last night, is that that is alleged to be taken from the economic survey for 1958 which presumably was considered by the Minister of Finance in the formulation of his budget. If that is the case, then the Minister of Finance did not tell the Canadian people what some of his advisers had urged him to consider in the formulation of his policy. He tried today to substantiate his prognostications for the future. He referred to the increase in export trade and he referred to certain other indices. What he did not do was to tell the house that unemployment today in this month of August, a period of traditional recovery, is double what it was this time a year ago. The Minister of Finance did not indicate today or in his budget—

Mr. Fleming (Eglinton): You are just guessing again.

Mr. Martin (Essex East): —nor did he give any reasons this afternoon—my hon. friend says I am guessing.

Mr. Fleming (Eglinton): You have done a lot of guessing.

Mr. Martin (Essex East): There can be no doubt that the Minister of Finance has disregarded the advice of his constitutional advisers, of his financial advisers—

Mr. Fleming (Eglinton): Such nonsense!

Mr. Martin (Essex East): —and has painted an economic picture that is not in harmony even with the facts as they are now known.

Mr. Fleming (Eglinton): That is nonsense.

Mr. Martin (Essex East): I ask the Minister of Finance (Mr. Fleming), has he consulted certain other government departments? Has he asked them what they consider will be the level of unemployment in the month of September? What it will be in the month of October? I have made certain projections that are now appearing in the *Monetary Times*, indicating that in the month of December we will possibly have as many as one million men and women who will be unplaced applicants.

Mr. Fleming (Eglinton): I hope they realize how unreliable you are as a prognosticator.

Mr. Martin (Essex East): I ask the minister to remember these words when, at the end of six months' time, we confront one another in this house and are able to see whether or not his optimistic view was in harmony with the prognostications he gave in his budget speech.

Mr. Fleming (Eglinton): You were a great exaggerator last January.

Mr. Martin (Essex East): I well remember the statement my hon. friend made when we asked him to reduce the excise tax on automobiles last fall. He said there was no serious unemployment in the automobile industry. Today he gets up in this house and talks about the economic picture of our country as though there were no unemployed people. In my own city of Windsor today, in the month of August, there are almost 12,000 men and women out of work.

Mr. Starr: Would the hon. member permit a question? He has made a statement that the number of men out of work at this moment in Windsor is 12,000. I wonder what action he and his government took when the unemployed in the city of Windsor numbered 11,220 in July, 1954 and 10,432 in 1956?

Mr. Martin (Essex East): That is a very fair question. What did the government of which I was a member do? This government courageously pursued a policy—

Some hon. Members: Oh, oh.

Mr. Martin (Essex East): —that put men and women to work in this country, with the result that during the time when Mr. St. Laurent was prime minister we had the highest level of prosperity in Canadian history.

Mr. Fleming (Eglinton): You never once opened your mouth to advocate a decrease in the excise tax on automobiles.

[Mr. Fleming (Eglinton).]

Mr. Martin (Essex East): My friends say we are conveyers of doom, and I want to pursue that statement. I would remind my hon. friends of what the former leader of their party, Hon. Mr. Drew, said on March 29, 1955, as recorded at page 2498 of *Hansard*:

> I regret that anyone would suggest that a discussion on unemployment is an attempt to undermine confidence. If there is any attempt to undermine confidence on that basis, then of course it must come from the agency of the government which gives the figures. The figures that have been used are given by the dominion bureau of statistics.

Then he went on to say it was his duty in opposition to point out the situation as he saw it to the government. Now, that is why we have done the same thing. I say again, as I said during the budget debate, that the Minister of Finance should indicate unequivocally whether or not this report was used; whether or not he has lived up to the advice given him on all fronts by those in the public service whose duty it is to advise the Minister of Finance and the government as a whole.

Why should the government take this pious attitude which the Minister of Finance has taken when noting that in the Toronto *Star* it is alleged that there are certain excerpts from a genuine government document? Why should the Minister of Finance, in fairness to the country and to the responsibilities of his office, not say, yes, unfortunately this document has been revealed in part. Now that it has been revealed, there is only one course open and that is to place it on the table so that we can settle this matter once and for all. That would be a courageous attitude for the Minister of Finance to take. Then we would know where we are at. Then, having done that, the Minister of Finance could also take this position: Let us now decide never again to do what was done on January 20 last by the Prime Minister of Canada.

Mr. Green: You did not like it, did you?

Mr. Martin (Essex East): I certainly did not like it, and I am surprised the Minister of Public Works, a member of the government of Canada, should say that he liked his Prime Minister revealing, for the purpose of an election advantage, a document that was marked "Private and Confidential". The Prime Minister has said, "Oh, no, I cannot give this document for 1958; I have the heavy responsibility of government, and I must discharge my responsibility in the light of our traditional practice. I cannot tell parliament, I cannot tell the nation what my advisers tell us about the economic conditions—

An hon. Member: Certainly not.

Mr. Martin (Essex East): Someone says "Certainly not", and yet in the month of January last the Prime Minister did that very thing. Last night mention was made of the Prime Minister's speech at Edmonton, as reported in the Ottawa *Journal*. The Leader of the Opposition was challenged to refer to this. I now have the clipping and here is what the Prime Minister said in Edmonton when he was confronting the public and complaining about how we had withheld important information from the Canadian people. I can see the hon. gentleman speaking to 5,000 people in Edmonton, and telling them exactly the opposite to what he told us only a few days ago when he said he could not reveal this document. The article states:

"They concealed", he said of the Liberal cabinet ministers.

"They covered up. They hid. They knew but they did not act. They were warned that a serious situation was developing in this country . . . in effect the beginning of a recession".

All of the Liberal cabinet ministers had received the report, he said.

"None of them read it. All of them hid it."

Those are the words of this great saviour of human liberty—

Some hon. Members: Oh, oh.

Mr. Martin (Essex East): —who went the length and breadth of this country revealing the contents of a document which he says now he cannot give to this house.

Mr. Diefenbaker: That is the same speech you made during the election campaign.

Mr. Martin (Essex East): My friend says that is the same speech I made during the election, and my friend is right. The only difference between my speech during the election and the speeches which were made by the Prime Minister is that his—

Mr. Fleming (Eglinton): Were successful.

Mr. Martin (Essex East): —because they were so attractive in deception, were able to capture support which will never again come to the Prime Minister.

Mr. Fleming (Eglinton): Will my friend permit a question? When he talks about deception, will he tell the house why it was, in his billboards and publicity during the election campaign, he did not use the word "Liberal"?

Mr. Martin (Essex East): I have a very good answer. First of all, I am well known as a Liberal. Secondly, I was in Prince Albert once during the election campaign and I saw the committee rooms of the present Prime Minister. There was not one reference to the word "Conservative", or "Progressive Conservative"; it was called the "John Diefenbaker Committee".

Mr. Bell (Saint John-Albert): What was your majority?

Mr. Martin (Essex East): Using the foregoing as my arguments, I urge the house to accept this amendment.

Hon. E. D. Fulton (Minister of Justice): After listening to the attempts of my hon. friends opposite in both the official opposition and the C.C.F. to work this house up into a state of righteous indignation over what they allege are the misdemeanours of this government, and after observing how lamentably short they fell even of the objective which they have set themselves, one can understand why it is they are driven back to the subterfuge of attempting to induce the government to do the very thing which they themselves say should not be done.

Mr. Martin (Essex East): For the reasons given.

Mr. Fulton: One can understand also the skill which hon. gentlemen opposite have achieved in this sort of game when one remembers the numerous holidays they used to take when they were in power on the occasions when they went fishing. What we have seen here is the most gigantic fishing expedition that it has ever been the pleasure or the misfortune of the House of Commons to see in my history.

Mr. Pickersgill: The minister is still very young.

Mr. Fulton: What we have seen is from the Leader of the Opposition (Mr. Pearson) down an attempt to inveigle this government into a position where it would have no recourse but to do the very thing which hon. gentlemen say should not be done, namely to table a document which they themselves say is confidential and should not be tabled.

Mr. Pearson: Because part of it you have already given out.

Mr. Fleming (Eglinton): That is not true.

Mr. Pearson: It certainly is.

Mr. Fulton: If one were to take my hon. friends opposite seriously—but they themselves have precluded us from doing that by their own remarks—one would simply have to read back to them the remarks they themselves have made in this debate in order to dispose of the motion and the amendment they have used. This righteous indignation, this attempt of the hon. member for Essex East (Mr. Martin) and especially of the Leader of the Opposition last night to suggest that this

document should be tabled is seen for the narrowest, meanest and poorest disguise in which any opposition ever attempted to close a motion. Let me read to my hon. friends some of their remarks. On no fewer than three occasions the Leader of the Opposition said this sort of document should not be tabled. Last night he said this:

I think it is regrettable—

He was referring to the possibility of tabling the document; what document they refer to, I do not yet know.

—that this should have to be done in the interests of clarifying this situation. In the past these reports have been considered as confidential, secret documents from expert civil servants to their ministers. For many years, they were treated as such. In the past, the previous government had not made these reports public, and for very good reasons.

That is the Leader of the Opposition speaking, as reported at page 3072 of *Hansard*.

Mr. Pickersgill: Would the minister permit a question?

Mr. Fulton: Oh, yes.

Mr. Pickersgill: Would the minister tell us what his own attitude is to the tabling of these documents?

Mr. Fulton: If the hon. member would identify the documents.

Mr. Pickersgill: I shall be delighted to do so.

Mr. Fulton: I did not know there was more than one document under discussion at the present time.

Mr. Pickersgill: All right. I should like to ask the Minister of Justice—and I say again "these documents"—what his attitude is to the tabling of the Canadian Economic Outlook for 1957 and the Canadian Economic Outlook for 1958. Does he think there is one rule for one and another rule for the other? I should like to have a plain answer.

Mr. Fulton: No, Mr. Speaker. The hon. gentleman has asked a plain question, Mr. Speaker. You might almost call it a simple question. It is a simple question because the answer has been given over and over again. The economic report of 1957 was tabled in January of 1958.

Mr. Pickersgill: And your leader said it should have been tabled in June of 1957.

Mr. Fulton: My leader said no such thing.

Mr. Pickersgill: He said it over and over again.

Mr. Fleming (Eglinton): Order.

Mr. Fulton: My hon. friend is not content with asking innumerable silly questions which get him into more trouble than if he remained silent but he even interrupts while he is sitting down. My hon. friend obviously cannot understand the meaning of plain English. If he will go back and read the speech of the Prime Minister on January 20 of this year he will find that what the Prime Minister accused my hon. friends opposite of was of having concealed the facts. At no time did the Prime Minister say that the government should have tabled the document.

Mr. Pickersgill: Did he not?

Mr. Fulton: On only one occasion did the Prime Minister say that the government had concealed the document. At no time did he say that they should table it. He said the government had hidden the facts. He said that the government had misled the Canadian people.

Mr. Martin (Essex East): There are seven pages there, starting at page 3523.

Mr. Fulton: If my hon. friends will permit me to make my own speech I should be obliged to them. Theirs were rather poor. I beg them not to spoil mine.

Mr. Pickersgill: That would be impossible.

Mr. Fulton: My hon. friends will find that the Prime Minister as recorded at page 3525 of *Hansard* of January 20 of this year said this:

They did not realize the situation or if they did so they concealed the facts from the Canadian people;—

And at page 3526:

—they hid the facts; they concealed the record; they did not let the Canadian people know what was taking place.

Then at page 3527:

But they did nothing during the session to bring about changes in legislation to meet the situation of which they had been warned.

Then again:

They kept it from the Canadian people.

Here is the only one I have been able to find with reference to concealing the document:

—and now, for political purposes, having concealed this document, they have the effrontery to pretend to the Canadian people that we are responsible.

Mr. Pickersgill: Would the hon. gentleman read a few words before that?

Mr. Fulton: At page 3528 we find this:

Why did hon. members opposite, in the idealistic vein of the hon. Leader of the Opposition, not reveal these facts? Why did they not act on them, even if they did not think fit to reveal them?

Then at page 3530:

You concealed the facts.

Mr. Martin (Essex East): Will my hon. friend permit a question?

Mr. Fulton: Let me conclude this part of my remarks. I would ask my hon. friend to allow me to do that.

Mr. Martin (Essex East): All right.

Mr. Fulton: The whole tenor of the Prime Minister's remarks was that the hon. gentlemen then in power concealed the facts from the Canadian people; that having been warned of the economic situation and of the dangers in the economic climate which then were known to their expert advisers and which became evident in their results about June 1957 and July 1957,—

Mr. Pickersgill: Which the Prime Minister denied in November.

Mr. Fulton: —in spite of these danger signs, hon. gentlemen opposite concealed them and introduced a budget which flew in the very face of the warnings they had received from their economic advisers. That was the sense of the Prime Minister's charge.

Mr. Martin (Essex East): Will the hon. member read to the house the exchange between the then hon. member for Winnipeg North Centre and the Prime Minister as found at page 3530 and following in *Hansard*?

Mr. Fulton: I have read it. I do not think it is necessary to read it again in detail.

Mr. Pickersgill: Oh, oh.

Mr. Fulton: I have said that I do not think it is necessary to read it in detail again. The then hon. member for Winnipeg North Centre asked whether the document had been tabled and the Prime Minister said:

> If it has not been tabled my hon. friend has added one more example to the record of concealment by my hon. friends opposite.

Mr. Pickersgill: And we could not table it after June 21.

Mr. Martin (Essex East): Go on to page 3531.

Mr. Fulton: We find this:

> As a matter of fact, Mr. Speaker, it was hidden away so well we just found it.

Those were the words of the Prime Minister.

Mr. Pickersgill: Of course that statement was not correct.

Mr. Fulton: From what I have read, Mr. Speaker, it becomes obvious that the tenor of the Prime Minister's charge in January of 1958 was that my hon. friends had concealed the facts from the Canadian people and in their budget had taken a course which was revealed to be a course of folly and of recklessness in the light of the facts that they had, in the light of facts of which they had been warned as far back as January of last year. The very great difference between the situation then and the situation now is that the economic report of which my hon. friends allege extracts have appeared in the Toronto *Star* is a current document and for the reasons which the Prime Minister gave last January or earlier in this session should not be tabled at this time. My hon. friends admit that it should not be tabled. They say that these documents should not be tabled when they are current because they say that the anonymity of civil service advice should be preserved. Yet on the other hand they turn around and do their best to trap us into such steps as will then enable them to demand the tabling of the document.

Mr. Pickersgill: A trap of your own construction.

Mr. Fulton: That is the type of fishing expedition in which my hon. friends have been engaged. But however attractive the bait, it has not been successful; and may I say that the bait was not very attractive; it was a little bit old; it was a little bit worn. Those of us, Mr. Speaker, who may engage in angling as distinguished from fly fishing know how sometimes when the worms have been on the hook for a while they do not look too appetizing. The efforts made by my hon. friends opposite to bait their hook remind me of this kind of old, waterlogged, worn-out wormy bait that we have seen occasionally on these fishing expeditions.

Mr. Pearson: Will my hon. friend permit a question?

Mr. Fulton: Yes.

Mr. Pearson: He can end this argument at once or this fishing expedition. Will he now deny the accuracy of the excerpts from these reports that have appeared in the press?

Mr. Pickersgill: If they are denied, you do not have to produce them.

Mr. Fulton: That bait is getting more tired and disgusting looking on every occasion it is used. It is the same bait with which he tried to bait his hook last night, but it did not work.

An hon. Member: Why don't you deny it?

Mr. Martin (Essex East): Because you are caught on a hook.

Mr. Fulton: Because that fishing expedition has been so unproductive my hon. friend, the member for Essex East, then urged the government to go out on a witch hunt. "Why," he said, "look at the Official Secrets Act." And he held the book in his hands which were trembling with indignation and he said

that the government should use the Official Secrets Act and that these civil servants, the anonymity of whose reports he had been so anxious to preserve, should be pursued by the government. He said, "You should go after these civil servants, turn the police on them, use your powers under the Official Secrets Act and go on a witch hunt."

Mr. Martin (Essex East): And after the cabinet ministers.

Mr. Fulton: My hon. friend indicated an astonishing degree of awareness as to how this report came into the hands of the Toronto *Star*.

Mr. Pickersgill: Would the minister permit a question?

Some hon. Members: Sit down.

Mr. Fulton: I suggest there is a very simple solution.

Mr. Pickersgill: Would the minister permit a question?

An hon. Member: Fishing.

Mr. Fulton: I submit there is a very simple solution.

Mr. Pickersgill: Would the minister permit a question?

Mr. Speaker: Order. One or other hon. members will have to sit down and I take it that the hon. member who has the floor does not wish to do so.

Mr. Pickersgill: I have asked the minister if he will permit a question.

Mr. Fulton: Not at this stage, if my hon. friend will permit me to continue.

Mr. Pickersgill: I am not surprised.

Mr. Fulton: The hon. member for Essex East, in view of the astonishing degree of awareness he indicated as to just how this alleged report, if in fact a report did come into the possession—

Mr. Pickersgill: You said report.

Mr. Fulton: Just how it got there. All he has to do is to ask the newspaper reporter and I wonder if my hon. friend has asked that reporter.

Mr. Martin (Essex East): I will answer the question right now. I will deal with it. My hon. friend has said that was the report—

Mr. Fulton: I said you said it was a report.

Mr. Pickersgill: You didn't say that at all.

Mr. Martin (Essex East): I will say right now that I have never seen the report and I know of no one who has seen the report except every cabinet minister in this house.

Some hon. Member: Hear, hear.

Mr. Martin (Essex East): Every one.

Mr. Pickersgill: Perhaps the minister will now permit my question.

An hon. Member: Let's get it over.

Mr. Fulton: This one will be about as good as the other one.

Mr. Pickersgill: Did I correctly understand the hon. gentleman to say that someone on this side of the house—and these were his words—reached the Toronto *Star*, thereby admitting that what the Toronto *Star* had was the report?

An hon. Member: That is exactly what he said.

An hon. Member: That is really fishing.

Mr. Fulton: I do not think I said that.

Mr. Martin (Essex East): You had better look in *Hansard*.

Mr. Fulton: All I said was—

Mr. Martin (Essex East): You are caught in the web of your own inconsistency.

Mr. Argue: Baby, you really slipped.

Mr. Fulton: My hon. friend opposite has been fishing for so long that he does not know the difference between the bait and the real thing. What I said was that the hon. member for Essex East revealed an astonishing degree of awareness about this whole thing.

Mr. Pickersgill: Oh no—about the report.

Mr. Fulton: About the report that is alleged to be—

Mr. Pearson: About the report.

Mr. Fulton: About the report that he alleges—

Mr. Pickersgill: No—there was no "he alleges".

Mr. Fulton: About the fact—

Mr. Pearson: You are wiggling.

Mr. Fulton: I have not said the excerpts published in the Toronto *Star* were extracts from any report in the possession of the government—

Mr. Pickersgill: Oh yes—and so did the Minister of Finance (Mr. Fleming) yesterday.

Mr. Fulton: My hon. friends crow and they shake their heads wisely, but they well know that to be the case. I have at no time said that any extracts in the Toronto *Star* came from a report in the possession of the government, but what I did say was that the hon.

member for Essex East revealed an astonishing awareness of how the Toronto *Star* came into possession of whatever had come into its possession—

Some hon. Members: Oh, oh.

Mr. Fulton: —from which it took extracts. And if he wants to settle the matter all he has to do is to ask the reporter where he got the inspiration for the article he published, and I would like to ask the hon. gentleman if he has asked this reporter. I ask this question of the hon. gentleman who indicates such a great desire to find out how the Toronto *Star*—

Mr. Pearson: Be careful.

Mr. Fulton: —got the source—

Mr. Martin (Essex East): Careful.

Mr. Fulton: —how the Toronto *Star* came to print the extracts it says it printed. I wonder if my hon. friend has asked the reporter. Does he indicate a desire to answer my question?

Mr. Martin (Essex East): Of course I did not, but may I ask this question of the Minister of Justice?

Mr. Fulton: Oh no, the hon. gentleman wanted to—

Mr. Martin (Essex East): Surely I have the right to direct a question to the Minister of Justice as the minister—

Mr. Fulton: Oh no, Mr. Speaker.

Some hon. Members: Order.

Mr. Speaker: I must inform the hon. gentlemen that I cannot hear either of them.

Mr. Fulton: It is obvious—

Mr. Martin (Essex East): Did the minister ask the reporter that question?

Mr. Pearson: The hon. gentleman is the Minister of Justice.

Mr. Martin (Essex East): The Minister of Justice.

Mr. Pickersgill: Who constitutes the government over there?

Mr. Martin (Essex East): What about the Official Secrets Act?

Mr. Fulton: The hon. member we see revealed—has made no attempt to answer my question and so—

Mr. Martin (Essex East): On a point of order Mr. Speaker. I think I answered that question. I said I had not asked the reporter but I ask the Minister of Justice did he ask the reporter where he got the report.

Mr. Fulton: Mr. Speaker, the hon. gentleman reveals his usual ability to ignore the rules and do what he should not do on a point of order.

Mr. Martin (Essex East): What about the Official Secrets Act?

An hon. Member: A bunch of schoolboys.

Mr. Pickersgill: The schoolmaster speaking.

Mr. Fulton: Since the member for Essex East admits that he did not care to ask the Toronto *Star* reporter about this matter, we therefore see revealed the extent of the sham of the hon. gentlemen opposite when they say that we should go on a witch hunt and find out just what has happened and the sham when they ask us to table this report because they are not even interested enough to ask the newspaper reporter what it was that he had in his possession from which he printed excerpts.

Mr. Pickersgill: The minister is the responsible minister in the government.

Mr. Fulton: This government will exercise its responsibility and as the Minister of Finance (Mr. Fleming) has pointed out—

Mr. Pickersgill: Utter irresponsibility.

Mr. Fulton: —has exercised its responsibility in the white papers it has tabled in connection with the budget and in assuming responsibility for the economic forecasts upon which the budget is based. If my hon. friends will possess their souls in patience I expect they will find the economic forecasts made by the Minister of Finance will, in fact, turn out to be accurate. I expect at that time, Mr. Speaker, my hon. friends will be left without very much to say because it has become increasingly apparent in the course of this debate that, apart from the fishing expeditions, apart from the desire to see us out on a witch hunt, what they are really trying to do is to paint a picture of gloom and to persuade the Canadian people that the economic forecasts of the Minister of Finance are not accurate and that some other fancied report, which they admit they have not seen and which they take from unconfirmed pages in a newspaper, and which contains forecasts which they say are gloomier than the forecasts of the Minister of Finance—

Mr. Pickersgill: Why do you not deny it then?

Mr. Fulton: They say that these forecasts should be taken and that these forecasts are the forecasts upon which this government should build its program. They would love to see us—

Mr. Pickersgill: Why does the minister not deny it and end the whole debate?

Mr. Fulton: The gloomy picture which the hon. member for Essex East has been attempting to paint—and that is their whole attempt during this debate—is an attempt which stood them in very bad stead last March and will, I suggest, stand them in very bad stead as often as they attempt to repeat it. There is one thing to which I would like to refer—

Mr. Pickersgill: You concealed the facts.

Mr. Fulton: —in the remarks made by the hon. member for Assiniboia (Mr. Argue). I refer to his attack on the denial of the Minister of Trade and Commerce (Mr. Churchill) of the accuracy of the quotations which were attributed to him earlier. I am not going to go into the merits or demerits of that denial but what I do wish to deal with directly is the suggestion of the hon. member for Assiniboia that he was precluded from bringing forward the matter by means of a motion if in fact he did not accept the words of the Minister of Trade and Commerce.

Mr. Argue: I said I accepted them and that is on the record.

Mr. Fulton: I said that he said that—

Mr. Pickersgill: "I said that he said that you said"—be careful.

Mr. Fulton: I said that if he had the courage of his convictions he would have founded a motion upon the allegation he was attempting to make and the hon. gentleman said I had made an unjustifiable attack upon him because, by inference, he said we knew very well that he could not bring forward a motion at this stage of the session.

Mr. Argue: The minister is not doing too well.

Mr. Fulton: I must admit that I am dealing with a pretty poor argument made by the hon. member for Assiniboia.

Mr. Chevrier: You are putting forward a worse one.

Mr. Pickersgill: It should be all the easier for you, in that case.

Mr. Fulton: I cannot do very well on the basis of that material.

Mr. Pearson: Then why are you struggling so hard?

Mr. Fulton: I would like to impress upon the hon. member that if he thinks there is anything of any nature whatsoever, from what he has heard, which he thinks is inaccurate or unjust, then he could bring it before the committee on privileges and elections. Without answering what was said or attempting to give evidence as to what was said, the hon. gentleman has a right at his hand, and I read from citation 105 of Beauchesne's fourth edition at page 96:

> It is the practice in the House of Commons to bring up a question of privilege after prayers, and before the house has taken up the orders of the day. Only in very aggravated cases, requiring the immediate interposition of the house, will any business be suddenly interrupted. May says, that the proceedings of the house may be interrupted at any moment, save during the process of a division, by a motion based on a matter of privilege, when a matter has recently arisen which directly concerns the privileges of the house, and in that case the house will entertain the motion forthwith. Bourinot quotes an ancient authority as saying: "Whether any question is or is not before the house, and even in the midst of another discussion, if a member should rise to complain of a breach of privileges of the house, they have always instantly heard him."

It is perfectly clear that had the hon. gentleman intended to raise as a matter of substance the matter which he raised by inference in his speech this afternoon and if, and I said this afternoon, he had the courage of the convictions on the basis of which he made those statements, it is open to him at any time to bring forward a motion of privilege and in that motion of privilege to state what it is he has in mind. The house would then, according to the citations I have read, have to take it into consideration immediately, in my submission, and I therefore suggest once again that hon. members should have the courtesy to accept the assurances of the Minister of Trade and Commerce with regard to his statement made yesterday. If they do not, there is only one course open to them which in decency they should take, and that is to raise the matter directly on a question of privilege so that the matter can be dealt with in the way in which it should be dealt with, and in these circumstances there is no doubt what would be the outcome. I suggest, therefore, that the hon. member for Assiniboia, apparently not being prepared to take that course, should admit that what he said about the Minister of Trade and Commerce was quite unjustified, and not that which he would like to see remain on the record.

It has become increasingly evident that this thing is a fishing expedition. All hon. members opposite want to do is to have us table a report which they themselves say should not be tabled at this stage in the House of Commons. The answer to the whole situation is that circumstances here are entirely different from the circumstances when the report was produced and tabled in January of this year. That was a report on the economic forecast for 1957. The budget had been based

on it; the budget had been brought in and passed, and, some 12 or 12 months after that report had been prepared it was tabled by the Prime Minister as part of the record; part of the record which should have been placed before the Canadian people to show the extent to which the previous government had, for political advantage, disregarded the warnings of its economic advisers and attempted to convince the Canadian people that all was rosy when, in fact, they knew it was not rosy.

In this case, any economic report made for 1958 would have been made a matter of a few months ago. The budget in all its stages has not yet been concluded and no attempt has been made, as the Minister of Finance has pointed out, to do other than lay the economic facts before the Canadian people, balancing the prospects for good against indications which may not be so attractive. There has been no attempt to mislead the Canadian people as there was in March 1957—

Mr. Pearson: That is untrue.

Mr. Fulton: —and in so far as the report is current it should not be tabled now. In January, 1958, however, that report was a dead issue—

Mr. Pearson: Not politically.

Mr. Fulton: —in so far as economic events were concerned. It was far from being a dead issue politically as far as hon. gentlemen opposite were concerned. They are still smarting, now, under the recollection of those events and today they are attempting to retrieve a little of their lost fortunes by seeking to drive this house into following a course which they themselves know should not be followed.

Mr. Pickersgill: Would the hon. gentleman permit a question? Does the minister think that reports and documents of this kind prepared by civil servants for the confidential use of ministers should be made public at any time in any circumstances?

Mr. Fulton: I take it there is party solidarity over there. I would point out to the hon. gentleman that his leader has just asked that this report be tabled. They are the ones who are asking for its publication. We are refusing.

Mr. Pickersgill: I will repeat my question—

Mr. Pearson: Because you have given it out.

Mr. Pickersgill: I asked the minister for the minister's views, not for mine.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, the house has been treated this afternoon and last evening to two lengthy asides by the Minister of Finance who spoke at great length last night and again today—not to deal with the amendment that is before the house but to deal, as has been said by the hon. member for Essex East (Mr. Martin) with his own budget speech made earlier in the year.

There has been a great deal of cross-fire this afternoon. I will attempt to speak with as much calm as it is possible for me to do in the circumstances. But before I rose I had thought that the Minister of Trade and Commerce (Mr. Churchill) who is so loquacious during the question period and at other times would, at least, have risen in his place to speak on the amendment. Thus far he has chosen not to say a thing. I hope that after I have completed my remarks he will rise and tell us what his position is with reference to the amendment which is now before the house, because the Minister of Finance has said not a word about the amendment.

Mr. Fleming (Eglinton): I thought I said quite a bit about it.

Mr. Chevrier: The minister has refused to deal with it. He has ignored the amendment and, instead, has gone to great lengths to put on record in *Hansard* matters which are entirely extraneous to the subject which is now before us.

Mr. Speaker, when the Minister of Finance rose to speak last night, our minds went back to the première of the performance he was trying to give. We all remember January 20 very well; the star performer was none other than the Prime Minister, and while I stated on that occasion that his performance was evidence of great weakness, I must admit now that it was a performance which had a certain technical competence. But last night when we saw the under-study attempting to repeat that performance it descended into burlesque and—I can assure the Minister of Finance—poor burlesque at that.

Mr. Fleming (Eglinton): You are quite a good judge of that.

Mr. Chevrier: So we had no difficulty in understanding why the hon. gentleman was not successful in getting the leadership of his party—

Some hon. Members: Oh, oh.

Mr. Fulton: What about the hon. member for Essex East?

(Translation):

Mr. Chevrier: And, as I am able to speak in the other official language of this country, I should like to tell the minister, in French, that the speech he delivered last night reminded me of La Fontaine's fable

about a frog which, one day, wished to bloat itself bigger than an ox. The Minister of Finance, failed, last night, in his attempt to do likewise. He could not manage, by his speech, to inflate himself to the size of the ox, and he had no more success than the frog.

(Text):

Why was the minister so angry last evening?

Mr. Fleming (Eglinton): He was not a bit angry.

Mr. Chevrier: Why was he so vituperative? When he sat on this side of the house, of course, he spent a great deal of time engaging in personal attacks on those of us who were on the other side of the house.

Mr. Fleming (Eglinton): Poor fellows, my heart bleeds for you.

Mr. Chevrier: We had scorn, vituperation and personal attacks poured on my leader last evening but not on the amendment, however, because as I said earlier the minister refused to deal with it and ignored it completely.

Mr. Pallett: How can you deal with nothing?

Mr. Fleming (Eglinton): I thought I said something about it.

Mr. Chevrier: By his conduct the minister revealed that he has little or no respect for the civil service. That is clear from the manner in which the members of the civil service have been treated. It seems to me, sir, that the report, their advice to the government and the manner in which they have treated the report has undermined the value of confidential advice from the civil service. Here we had the position of the Prime Minister (Mr. Diefenbaker) last year tabling not a confidential report as has been stated in this house but a secret report—

Mr. Diefenbaker: Oh, that is nonsense.

Mr. Chevrier: My hon. friend says that is nonsense.

Mr. Pickersgill: It was stamped "secret" on the face of it.

Mr. Chevrier: Let me say to my hon. friend that minister after minister in the former administration rose in their places here and said that in their copy of the 1957 economic report there were four pages on which the word "secret" had been stamped and that somebody had torn the four pages off and the report instead of being secret was now confidential.

Mr. Pickersgill: Mr. Gardiner produced the full copy in the house.

Mr. Chevrier: My friend the hon. member for Bonavista-Twillingate (Mr. Pickersgill) reminds me that the Right Hon. Mr. Gardiner produced a full copy of the report.

Mr. Fleming (Eglinton): You would be well advised to have a better source from which to quote.

Mr. Pickersgill: Look at *Hansard.*

Mr. Diefenbaker: I have it here and it is marked "confidential".

Mr. Pearson: That is the report with a new cover.

Mr. Diefenbaker: That is completely unworthy of you.

Mr. Pickersgill: That is one with the cover torn off.

Mr. Chevrier: Let us examine what the Prime Minister said. When I spoke in that debate I held in my hand the original which had been tabled in the house and it took me many hours before I was able to get it—the original which the Prime Minister had had in his hand at the time he spoke—and in that original it was clear that some pages had been torn out because the tabs had been left on. I was not able to say at that time and neither am I able to say now that it was the Prime Minister who had torn them off and I am not even suggesting he did but the statement I made then and the statement I make now is that the four pages that were marked "secret" had been torn off by someone. Of that I think there is no doubt. The remaining pages were marked "confidential".

In any event here was a report, secret and confidential, which was tabled contrary to the practice and the tradition of this house and I venture to say to the Prime Minister with all respect to the position he now occupies that I doubt very much if his predecessor in office—

Mr. Pickersgill: Or any of them.

Mr. Chevrier: —or indeed any of them would have done any such thing as that which was done on the occasion of that debate.

May I return to the Minister of Finance and that very sarcastic, violent and vituperative speech of his which he made last night. The minister in his budget speech did not even indicate that he did not take into account the report concerning the Canadian outlook for 1958. Because of the attitude now taken the whole civil service is damaged. That, of course, is typical of the minister.

Mr. Fleming (Eglinton): How ridiculous can you be?

Mr. Chevrier: The minister says how ridiculous that statement is.

Mr. Fleming (Eglinton): I asked you how ridiculous you could be and now you are going on to prove it.

Mr. Chevrier: Last January in announcing additional grants to the provinces the Minister of Finance did not even use the advice of his civil servants in making the calculations as to what the amount should have been.

Mr. Fleming (Eglinton): How do you know?

Mr. Chevrier: I presume he did not because he rose at a later date and had to change and amend the amounts which he tabled at that time.

Mr. Fleming (Eglinton): Another assumption. Why not get some facts once in a while?

Mr. Pickersgill: Ask the minister if he did.

Mr. Chevrier: My facts are certainly as accurate as some of the facts which the Minister of Finance put on the record last night and I hope that if he ever finds time to read his speech he will observe what inconsequential statements he made over a period of several hours.

Let me come back to what I was saying to the minister. He has shown the same attitude here with reference to this discussion. He has failed to appreciate the importance of the contributions of his advisers.

Mr. Fleming (Eglinton): Why not make a speech instead of reading it?

Mr. Pickersgill: Look who is talking about reading.

Mr. Chevrier: He displayed the same attitude which caused him not long ago to slap down the governor of the Bank of Canada. That is exactly what he did. He tried to play the same record which the Prime Minister played last January and I can assure the house that that record fell pretty flat last night and even flatter this afternoon when the minister sat down.

Mr. Fleming (Eglinton): Even flatter now, eh?

Mr. Chevrier: That indicates to me that what has happened was that the members of the government were not prepared for this amendment. They expected an amendment which was other than this and I believe I can say with some degree of accuracy that what was expected on the other side of the house was a demand for the production of the 1958 hidden report. Hon. gentlemen opposite were ready to argue that point. And the interesting thing about it is that the Minister of Finance was caught off base. He expected something in the amendment which was not there. He was caught off base and instead of dealing with the amendment as he should have he proceeded to re-read his budget speech over and over again, a speech which was very monotonous when he read it on budget night and still more monotonous when he gave it to us again last evening.

Mr. Fleming (Eglinton): I expected a manly amendment, not that puny excuse for an amendment.

Mr. Chevrier: I shall deal with the amendment in a moment when I get to it but what I am doing now is dealing with the speech of my hon. friend and the expressions he used in referring to my leader.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. Chevrier: Mr. Speaker, before I return to what I was discussing when the house took recess at six o'clock I should like to say a word concerning the subamendment of the C.C.F. party. When the hon. member for Essex East spoke earlier in the debate he indicated that at first glance he was not disposed to support the subamendment and I can say as well that when I looked at it I was not, at first glance, disposed to support it either. If the government would table the whole document we would then wish to consult the document before basing any vote upon its contents but all we have are excerpts published by the Toronto *Star*. They indicate that the Minister of Finance disregarded the advice of the experts and in the light of what information is available to us we feel we should vote for the subamendment.

Returning now to the discussion that took place earlier, upon the reading of *Hansard*, I was somewhat surprised, when I was dealing with the secret document, at the intervention made by the Prime Minister. He said of me, "This is completely unworthy of you."

Mr. Diefenbaker: No, no. Mr. Speaker, the Leader of the Opposition (Mr. Pearson) and I were talking back and forth. The Leader of the Opposition made some observation and I made an observation which had no reference to the hon. member for Laurier (Mr. Chevrier). There was a cross-fire between us.

Mr. Pearson: I am the guilty one.

Mr. Diefenbaker: I do not know what the statement was.

Mr. Chevrier: I am very happy to hear the Prime Minister say that it is not I who is unworthy. In any event, I want to come back to the discussion earlier so that there

can be no doubt about the nature of the report that was under discussion on January 20 because there certainly seemed to be some doubt in the Prime Minister's mind as to exactly what it was. I should like to refer to the debate which took place on January 21, 1958, page 3559 of *Hansard*. At that time I had made the following comment:

I have another remark to make with reference to this document, Mr. Speaker. The document I hold in my hand is marked "confidential", but something has been taken from it. I make this statement not because I was a member of the government, since I have not been a member of the government for the last three years. But look at this document. A page has been torn from it, and those who have torn the page off here left a fragment of it there and on the back of it is a blue portion indicating it has been tampered with. I am informed by my former colleagues that its covers were blue; and that part of the report which normally indicates . . . that it is a secret document. Therefore, I ask this question. Why was this tabled and marked "confidential", whereas the rest of it is secret? Where is the rest of it? Where are the other pages which should be attached to this?

I should like to quote from a statement in the same volume at page 4199 attributed to the Right Hon. Mr. Gardiner as follows:

When I got my copy on March 29, 1957, I made a note on it to send it west. I took it out west and read it. Of course, I had to get it back again and that document is marked, right on the front page, with the word "secret". Of course, I did not read it to the press and to my constituents out west at election time. And then on the second page it is marked "secret" again and, of course, I did not read that document to others.

I simply desired to put those two quotations on *Hansard* so that there might be no doubt about the statement I made earlier as to the fact that this document was not so much a confidential document as it was a secret document. Now, I presume from the agitation I saw the Prime Minister display earlier that he will take part in the debate and I hope that he will as I also hope that the Minister of Trade and Commerce will take part in the debate. After all, this document was prepared by officers of his department. They are the ones who prepared both the 1957 and 1958 documents. He has made certain statements challenging the accuracy of press reports and it would seem to me that certainly he, of all ministers, should take part in the discussion.

We were wondering, therefore, just at what stage the Prime Minister will enter the debate. This afternoon he indicated that he intended to contribute to the discussion. He threw the Minister of Finance (Mr. Fleming) into the debate last night and then today the Minister of Justice (Mr. Fulton). The Minister of Justice was doing so poorly before six o'clock that he was scratched before he had a chance to finish his speech.

All this, it seems to me, points to a speech by the Prime Minister in an effort to prop up the sagging prestige of the government in this debate. But knowing the Prime Minister as I do and having a great deal of respect for his ability and skill, I have a feeling that when he does enter the debate he will indicate in no uncertain terms that if he tabled this report it was at the request of members on this side of the house. I am referring, of course, to "The Canadian Economic Outlook for 1957" report. I should like to say here that during the course of that debate the former member for Winnipeg North Centre challenged him to produce the document and I believe that my colleague, the hon. member for Essex East did likewise.

What I think the house should not forget, and what I think the house should have uppermost in its mind, is that the Prime Minister cannot get away from the fact that he was asked to table this document by these two hon. gentlemen, in accordance with the rules. During the period prior to six o'clock on January 20, 1958, he read at great length from the secret document. In fact, I believe he quoted some 26 excerpts from the document. He charged that it had been concealed by the former administration. He made charges that the former administration was responsible for the condition in which the country was at that time, and had concealed the evidence. After having read from that document for a period of at least two hours —I remember the speech quite well—and quoting extracts from it at great length, under the rules of the house there was no alternative for him but to table the document.

I may wish to come back to this in a moment, but now I should like to say something about that loquacious, sarcastic, vituperative speech made by the Minister of Finance. This speech, sir, divides itself into two parts. In the first part, he poured out ridicule and scorn upon my leader without, I submit with deference, dealing with the substance of the amendment before the house. In my opinion, that speech was unworthy, if that expression can now be used by me, of the Minister of Finance. Then, too, there is another thing to which I should like to take exception, and it is that during the course of my remarks earlier today I made some reference to the Minister of Finance and from the other side of the house came the charge, "Cheap". Well, sir, there could have been nothing cheaper than that which came out of the mouth of the Minister of Finance than the reference which he made to my leader, dealing with his speech on January 20, when he stated that after that speech the Leader of the Opposition (Mr. Pearson) was alone and walked out

of this house without anyone accompanying him. If ever there was a cheap assertion, that was one which came from the Minister of Finance.

An hon. Member: It is true, though.

Mr. Chevrier: It is not true because I say here, on my responsibility as a member of parliament, that I sat beside the Leader of the Opposition and I walked out of the house with him on that occasion. But I will add this, however. Last night, after the flat speech of the Minister of Finance nobody accompanied him; no one came up to his seat save the loud-mouthed Minister of Agriculture (Mr. Harkness).

Mr. Stinson: That is not true.

Mr. Pickersgill: We remember the day the Minister of Finance walked out alone, too.

Mr. Stinson: That is not true.

Mr. Chevrier: This business of cheap assertions is a double-edged sword and can be used by both sides of the house. It would have been a great deal better if the Minister of Finance had never used it.

Mr. Ricard: Hit where you can, below the belt.

Mr. Chevrier: Hon. members opposite do not like this. I am not surprised they do not like it. They do not like any part of this debate. They are in difficulties, and about that there can be no doubt. If they are not in difficulty, why do they not table "The Canadian Economic Outlook for 1958"?

Mr. McPhillips: Parlez en français.

Mr. Chevrier: That remark from the hon. member for Victoria (Mr. McPhillips) indicates the truth of my statement that members on the other side of the house are upset by this amendment; that members on the other side of the house not only do not like this amendment but find themselves considerably embarrassed. Why do they not tell us what is in the report?

Mr. Small: You will get the business in a few minutes.

Mr. Chevrier: I have no doubt that in a few minutes the Prime Minister will rise and give us an example of his skill in this kind of debate. However, no matter how skilful he is he will never be able to get out of the embarrassment in which he has placed not only himself but his followers on the other side of the house.

Mr. Small: You will come out of your trance.

Mr. Chevrier: If he were not embarrassed he would allow the Minister of Trade and Commerce to rise in his place and tell us what his position is. Why does not the Minister of Trade and Commerce speak?

Mr. Bell (Saint John-Albert): Because you are talking too long.

Mr. Chevrier: He has no hesitation about getting up and making changes in press statements as he did earlier today and yesterday, but as yet he will not say a word. He is tongue-tied today, and that is surprising for that loquacious minister. At least, he should tell us what the position is. But no, they call on the Minister of Finance and on the Minister of Justice. Of course, without doubt, the Prime Minister will close the debate after a little while.

But I am being taken away from the subject matter of my remarks. I wanted to refer, sir, to the second part of the speech made by the Minister of Finance. The second part of his speech dealt with the economic situation in 1957, utterly disregarding the report, "The Canadian Economic Outlook for 1958". Really, to use his own expression, it was a runt of a speech.

Some hon. Members: Oh, oh.

Mr. Chevrier: My hon. friends say "Oh", but I am using exactly the same words the Minister of Finance used. If they are applicable to the amendment, let me say that they are equally applicable to the speech made by the Minister of Finance.

Mr. Benidickson: More so.

Mr. Chevrier: The attitude of the Minister of Finance shows that he is completely irresponsible or that he has not understood the amendment which is before the house. I should like to deal with the amendment, which can be divided into two parts. It reads as follows:

> "this house is of the opinion that the actions of the government in connection with 'The Canadian Economic Outlook' have seriously weakened the value of confidential advice from civil servants with resultant damage to the proper formulation of economic and fiscal policies".

Those are the two points contained in the amendment. First, we believe that the conduct of the government has seriously weakened the benefit of confidential advice from civil servants. If this charge is justified, and the Minister of Finance did not establish that it was not, then it means that the relationship between the government and the civil service has deteriorated and has worsened. A good relationship between the two is essential in a democracy and under the rules such as we have them in this house. It is evident that the situation between the civil service and the present

government has worsened and has deteriorated considerably. No one is more capable of telling us about that than the Minister of Trade and Commerce.

Mr. Grafftey: Irresponsible.

Mr. Chevrier: Just listen to this to see how irresponsible it is. Let me tell the hon. member for Brome-Missisquoi (Mr. Grafftey) that at least ten members of the civil service who resigned—

Mr. Grafftey: You resigned yourself.

Mr. Chevrier: Several of those were members of the civil service in the Department of Trade and Commerce.

Some hon. Members: Oh, oh.

Mr. Speaker: Order. I am sure the hon. member who has the floor is finding difficulty with so many people interrupting. I am not sure whether he is having more difficulty from behind or in front, but from all parts of the house there seem to be constant interruptions. I would ask hon. members to hear the hon. member who has the floor.

Mr. Chevrier: Mr. Speaker, I was saying that there has been a deterioration between the government and the civil service. That fact is evidenced by the resignations that have taken place, no less than a substantial number of them—I believe four or five—from the department of the Minister of Trade and Commerce. The Minister of Trade and Commerce the other day, dealing with that subject, said they all had good reason to resign and that they sent letters of resignation giving the reasons therefor. I am quite sure that they had good reasons to resign. I believe the minister as well as I believe the reasons given by those members of the civil service for their resignations. The point I am making is this. I am convinced in my own mind and in my own heart that these men would still be in the civil service if the former administration were still in office.

Some hon. Members: Oh, oh.

Mr. Chevrier: Then we have had attacks made upon the civil service by members of parliament before this report leaked out as well as since that time. These charges have been renewed without any evidence yet to justify the charge. I need only refer to the editorial which appeared in the *Globe and Mail* and which dealt with the alternatives which could have happened in this leak. May I quote from the editorial under the name of Mr. Robert Duffy which appeared in the *Globe and Mail* of August 4, 1958:

> That may be generally true, but in this case Trade and Commerce Minister Churchill was already on record with an admission made outside the house, that the newspaper extracts from the report were perfectly accurate.

In fairness to the minister, I must say that statement was denied by him earlier.

Mr. Churchill: Thank you.

Mr. Chevrier: I continue:

> If the ministers were merely confused, however, there was a more interesting reaction from some Conservative backbenchers. The quick suspicion was that some official had passed the secret report to the Liberals, who passed it on to the newspaper, in order to create an issue embarrassing to the government.
>
> It may have happened that way, but there is another possibility. Conceivably, some government supporter may have disclosed the document, in pursuit of his own ends. There are rivalries within a government as well as between political parties. And as a general rule most government departments feel that the Finance Minister and the Treasury Board are not giving them enough money to spend.

That gives some indication of where the leak might have come. Then there is the attitude of the no less arrogant Minister of Agriculture who fires a member of the public service and makes criminal accusations against him which are absolutely without foundation. There is a well-known rule of law that a man is presumed innocent until found guilty. The minister reversed the rule, however, and found him guilty without trial.

Mr. Speaker: Order. I would remind the hon. member that that matter was discussed at considerable length in a previous debate and is not relevant tonight.

An hon. Member: And his time is up.

An hon. Member: You hope.

Mr. Chevrier: Mr. Speaker, as always I accept your ruling and I bow to it.

If I may, I should like to return to the arrogant Minister of Finance who has now come into the house. In his absence I was telling him that the amendment which he ignored completely dealt with a number of things, the things in particular that should have been drawn to his attention. I had arrived at the second point made in our amendment which is derived from the first and which is to the effect that the value of confidential advice from the civil service having been seriously weakened, great damage has been done to the formulation of economic and fiscal policies. We all know that in the preparation of the budget and in determining what are going to be the levels of public expenditures and taxes for a given year the government cannot escape the responsibility of making some kind of assessment of what the over-all economic outlook

and the over-all economic situation is going to be for that year. The Canadian people have the right to expect that procedure. The Canadian people have been accustomed to that procedure. The government must in fulfilling its responsibilities take the advice of its senior civil servants, get the best possible advice it can in the preparation of the budget; it should have not only the best expert advice but the best system, the best method of assessment of the economic situation, otherwise, if that were not the case, serious mistakes could be made when the estimates of public expenditure and taxes are prepared, with the result that Canadians would not benefit from the most effective policies designed to cope with any possible undesirable economic situation.

Mr. Speaker, the Minister of Finance in dealing with his budget quoted from a white paper prepared by the Department of Trade and Commerce entitled "Private and Public Investment for Canada; Outlook for 1958". What he did, was to refer to that document in dealing with the composition of the gross national product, which is made up by government expenditures, exports minus imports, investments and consumer expenditures. Those added up equal the gross national product. He used the figures which are to be found at page 7 of this "Outlook for 1958". As can be found at page 1235 of *Hansard*, he said this:

> The expanded role of social capital is illustrated in the 1958 Outlook for Private and Public Investment published by my colleague the Minister of Trade and Commerce. Present investment intentions of business for capital outlays in 1958 are about 11 per cent below the 1957 level. Planned outlays for housing, government departments and institutional services on the other hand are 14 per cent higher.

Mr. Speaker: I am sorry to interrupt the hon. member but his time has expired.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, having followed the course of the debate in its entirety, there are some matters which I feel might be dealt with at this time in order to remove some of the smoke screen which has been brought into the discussion by members of the opposition.

As I listened to my hon. friend the member for Laurier (Mr. Chevrier) when he spoke of the civil service I could not but be in agreement with him. There is no disagreement with respect to the fact that our civil service makes a contribution worthy of the finest traditions of public service, but he went out of his way to say that because of the fact that a number of civil servants in high positions had resigned this must have been because of some disagreement with the government. He should have looked to his right and to his left—

Mr. Pickersgill: That is diversion No. 1.

Mr. Diefenbaker: He should have looked at his leader at his right and to the pick of the pack on his left.

Mr. Pickersgill: That is diversion No. 2.

Mr. Pearson: We resigned to go into a government not to leave one.

Mr. Diefenbaker: Ah, they are starting to explain. Let me say to my hon. friend the hon. member for Laurier that some resigned from the civil service to get a better job in government than they would have had outside of it and in that respect I am sure he will require no identification; some resigned from the civil service or the public service in the expectation of greater rewards in government.

So there they sit, three of them who have at one time or another resigned from the civil or public service of Canada and have found their way into parliament. I do not think there is any argument that it is to the credit of civil servants who find they can improve their positions—and they certainly can, especially those in the higher areas of the civil service and indeed all areas of the civil service have before them at all times the magnetic attraction of far greater advantages, monetary and otherwise, than the civil service can offer—that they stay in the civil service and give to our country the benefit of their wisdom and advice.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: Anyone who endeavours to bring into this discussion the veiled suggestion or even the suspicion that the members of this government have a lesser regard for the civil service of Canada than have the members of the opposition should be reminded that the answer to such a suggestion is immediately apparent. I witnessed the crocodile tears of the hon. gentlemen opposite—oh, how they love the civil service, but they waited until this government came to power for the increases which we eventually brought in for former civil servants.

Mr. Pickersgill: That is a noble argument.

Mr. Diefenbaker: My hon. friend, the member for Bonavista-Twillingate (Mr. Pickersgill) would acquire an even greater reputation for wisdom if he could for once maintain silence.

Mr. Pickersgill: Mr. Speaker, when I require instructions from the Prime Minister I will ask him for them.

Mr. Diefenbaker: When some members first come into the house they feel, and this is quite natural, that the contribution to this House of Commons is measured by the number of interjections, but the hon. member has had experience both in the civil service and also in parliament and I am sure that he has learned long before this that these interjections are never interpreted as evidence of statesmanship.

Mr. Pickersgill: The hon. gentleman ought to know, he has lots to his credit.

Mr. Diefenbaker: Returning once more to the tremendous feeling of members of the opposition for the public service, I have here a speech delivered by the Leader of the Opposition (Mr. Pearson) a day or so before the end of last March in which he scored the Conservatives for the reign of terror in the civil service and he said something should be done.

Mr. Pearson: On a point of order, I never at any time during the election talked about any reign of terror with regard to the civil service and I challenge the Prime Minister to quote anything to prove that I did so.

Mr. Diefenbaker: Mr. Speaker, that is the best answer, my hon. friend says he did not say it—

Mr. Pearson: Well, read it.

Mr. Diefenbaker: And I have here an article headed, "Pearson Scores Tories' Reign of Terror in Civil Service". My hon. friend says he did not say that and this is the best argument one could possibly evince as to why no reliance should be placed on the type of thing upon which the opposition is placing so much reliance at the present time, namely, an expurgated, an imaginative press report—

Some hon. Members: Hear, hear.

Mr. Pearson: Mr. Speaker, the Prime Minister has made the allegation that I said there was a reign of terror in the civil service. I asked him to read any statement attributed to me in which I am supposed to have said that.

Mr. Diefenbaker: I have just read you the heading.

Mr. Pearson: Never mind the heading, read the statement.

Mr. Benidickson: Read it.

Mr. Diefenbaker: I shall go on, I shall read it.

Mr. Pearson: Read it.

[Mr. Pickersgill.]

Mr. Diefenbaker: And this after their record—after all, the gentleman was a member of a government which refused to do anything on behalf of former civil service employees.

Mr. Pickersgill: Another diversion.

Mr. Diefenbaker: And refused to do anything—

An hon. Member: Answer the point of order.

Mr. Diefenbaker: —to ease the actual hardships suffered by civil servants superannuated under the old law of pre-pay-raise rates. Why did they not do this?

Mr. Pearson: On the point of order. Would the Prime Minister read from that statement in which I am supposed to have said there was a reign of terror in the civil service or will he withdraw his allegation.

Mr. Speaker: I understood the hon. member to say he had made no such statement and following that assertion the Prime Minister accepted assurance of the Leader of the Opposition. It was therefore not proceeded with.

Mr. Pearson: Someone has said, apparently that I said this—

Mr. Diefenbaker: The hon. member said he did not say it.

Mr. Robichaud: Where is this reign of terror?

Mr. Pickersgill: Just like January 20, bits and pieces.

Mr. Diefenbaker: All this chattering indicates guilty consciences.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: My hon. friend said he did not say it. This was an article written by Richard Jackson, headed "Pearson Scores Tories' Reign of Terror in Civil Service", and I accept my hon. friend's denial.

Mr. Pearson: No, Mr. Speaker, on the point of order, the Prime Minister cannot get away with that. I asked him to admit that there is no reference to a statement of mine that there was a reign of terror. Would he please read the article in which I am said to have said this or withdraw his statement.

Mr. Benidickson: The Minister of Finance (Mr. Fleming) is reading it for him.

Mr. Speaker: I understand the hon. member raised a point of order that he had not said the words which were read by the Prime Minister and the Prime Minister has accepted his statement. That, it seems to me, closes the matter.

Mr. Pickersgill: The words are not there, it is just another fabrication.

Mr. Pearson: On the point of order, the Prime Minister has said that the article says I stated there was a reign of terror in the civil service. I ask him to read the article to prove that I made that statement—

Mr. Speaker: Order. I do not think the hon. member should ask the Prime Minister to read a statement which contradicts him.

Mr. Pearson: Then he should withdraw it.

Some hon. Members: Withdraw.

Mr. Speaker: Order. The Prime Minister has already accepted the statement of the Leader of the Opposition that he did not use the expression "reign of terror" and I do not think it is in order for the Leader of the Opposition now to ask the Prime Minister to read the report which the Leader of the Opposition contradicted.

Mr. Diefenbaker: I have accepted the denial and that is the end of it.

An hon. Member: He can't read it.

Mr. Diefenbaker: I will come back to this; with all that deep solicitude and heartfelt yearning for the civil servant, why did they not do something when they were in office—

Some hon. Members: We did.

Mr. Diefenbaker: —with regard to the ex-civil servants who over and over again were asking for assistance?

Mr. Pickersgill: Would the Prime Minister permit a question?

Some hon. Members: Sit down.

Mr. Speaker: Order.

Mr. Pickersgill: Would the Prime Minister permit a question?

An hon. Member: He won't permit a question.

Mr. Diefenbaker: I know the purpose of this. They realize I have only a few minutes, and they spend their time like this.

Mr. Pearson: You took two hours this afternoon.

Mr. Diefenbaker: The hon. member for Laurier spoke disparagingly of the speech of the Minister of Finance (Mr. Fleming) and also of the speech of the Minister of Justice (Mr. Fulton) because, he stated, they did not have any regard to the amendment. I ask gentlemen opposite to read their speeches and see how closely, beginning with that of their leader, they have any reference to the subject matter of the amendment. Here this afternoon they have been using the same arguments. Indeed, I have before me almost identical speeches which they used in the campaign. Over and over again they dealt with this subject. Even the member for Essex East (Mr. Martin) did so in a pompous manner in a couple of speeches, and let me say this: the people of Canada realized what the issue was; they realized it was a fact that for a period of a year and a half, conditions being what they were, members of the present opposition and members of the government of that day had placed before the people of Canada self selected statistics.

Mr. Pickersgill: That is untrue.

Mr. Diefenbaker: They concealed the facts. They hid them, as they know, and if today we had some exhibition of repentance on their part we could at least say that forgiveness might be given. But as they return to this amendment, trying to restore life to a subject matter long since dead, one that they have gone over again and again, there is a sense of guilt and realization that they did what we said they did; they hid the facts.

Mr. Pickersgill: What about the Prime Minister's speech to the federal-provincial conference five months after?

Mr. Diefenbaker: Mr. Speaker, the more the hon. member for Bonavista-Twillingate tries to speak, the more he gives one a realization of something I have never been able to understand—that every time he speaks it is always a member of the other side who is elected.

Mr. Pickersgill: Mr. Speaker, I rise on a question of privilege.

Some hon. Members: Oh. Sit down.

Mr. Pickersgill: It concerns the statement made by the Prime Minister—

Mr. Churchill: Take it and like it.

Mr. Speaker: The hon. member has risen on a question of privilege.

Mr. Pickersgill: My question of privilege is this: The Prime Minister stated that wherever I spoke the candidate on the other side was elected. I spoke 30 times in Bonavista-Twillingate and got 76 per cent of the votes.

Some hon. Members: Withdraw.

An hon. Member: They had sooner elect you than listen.

Mr. Speaker: The Prime Minister has very little time and I ask that he be allowed to proceed without interruption.

Mr. Diefenbaker: I am sorry I made that earlier statement. Evidently it took him 30 speeches to win his constituency. To return

to the point I was making. With that conscience that pricks them for having concealed the facts, frustrated in their souls, overcome because of the fact that the depression which they predicted during the election campaign with such avid and vocal anticipation has not been achieved, they realize that the people of Canada know clearly from the facts that they have concealed the evidence—

Mr. Pickersgill: What has happened to the facts now?

Mr. Harkness: Restrain yourselves.

Mr. Diefenbaker: —of a situation—

An hon. Member: Give 'em hell.

Mr. Diefenbaker: —that was dangerous to the welfare of the Canadian people.

Now, Mr. Speaker, in the last couple of days they are clad in sack cloth and ashes. They wail their lamentations; they beat their breasts—

An hon. Member: That sounds like Billy Graham.

Mr. Diefenbaker: The Leader of the Opposition came out with a fighting speech,—a speech of pulsating prophecy finally terminating in a pusillanimous amendment similar in nature to that which was introduced into this house on the twentieth day of January last. What do they say? They say we should bring to the house a document of which they allege sections abstracted therefrom have been published in a newspaper in this country.

Mr. Pickersgill: Do you deny it?

Mr. Diefenbaker: They raise their voices and say that a confidential document should never be brought to light, that it should never be revealed. Their guilty conscience was shown a little while ago by the hon. member for Laurier who said: I know that the Prime Minister will say we forced him to table the document. That was a fine example of prevision. This was the Janus-faced position they took.

Mr. McIlraith: You are the one who revealed it.

Mr. Diefenbaker: If you would make your position clear in debate, the people of Ottawa would appreciate it.

Here is the position they take. They say the document should not be produced because it is confidential. Then, in a state of synthetic indignation, they demand that we table—

An hon. Member: Secret report.

Mr. Diefenbaker: In the British House of Commons documents designated as confidential and secret have been produced. And on the twentieth day of January last, as the hon. member for Laurier admitted, it was as the result of a demand on the part of the opposition that this document—

An hon. Member: Secret report.

Mr. Diefenbaker: This reminds me, Mr. Speaker,—

Mr. Pickersgill: I am rising on a point of order.

Mr. Speaker: Before the hon. member makes his point of order, may I remind him that his last question of privilege was not a question of privilege.

Mr. Pickersgill: I think my point of order will be found to be a point of order, and my point of order is that when an hon. member cites a document it is the rule of the house that it be tabled.

Mr. Diefenbaker: The hon. member for Essex East as well as the former member for Winnipeg North Centre—

Mr. Martin (Essex East): I rise on a point of order.

Mr. Pickersgill: We have had a good education.

Some hon. Members: Dictatorship.

Mr. Speaker: Order. I must hear the hon. member on a point of order.

Mr. Martin (Essex East): The hon. gentleman said it was as the result of a request of mine. I made no such request. At page 3531 of *Hansard* for January 20, 1958, the hon. member said:

> If the house desires it I will be very happy to do so.

At that point I interjected and said that he must do it under the rules.

Mr. Speaker: Order. May I say to hon. members that whenever they disagree with what was said by another hon. member who has the floor, a point of order does not arise. Explanations can be made and may be made at the end of the speech but not by interrupting the hon. member who has the floor.

Mr. Fleming (Eglinton): They are just attempting to take up the Prime Minister's limited time.

Mr. Chevrier: That is exactly what you did.

Mr. Fleming (Eglinton): Nonsense.

Mr. Chevrier: Do not be so innocent because you are not innocent, you know.

Mr. Pearson: Mr. Speaker, you have stated that the point of order that must be made must be stated at the time.

Mr. Speaker: Yes, a point of order must be made but I have just indicated that these

are not points of order. If an hon. member disagrees with what is said by the hon. member who has the floor and wishes to make an explanation he should reserve it until the hon. member has finished.

Mr. Chevrier: The Minister of Public Works (Mr. Green) has no right to lose his temper.

Mr. Pickersgill: The Minister of Public Works is really enjoying this debate.

Mr. Harkness: You know no more about points of order than you do about anything else.

Mr. Speaker: Order. I must insist on some order so that this debate may proceed. It has only eleven minutes to run.

Mr. Diefenbaker: Mr. Speaker, it is apparent that any argument I could advance would do nothing other than hurt the souls of hon. members opposite. Reports have been produced before on a number of occasions and see the position in which the opposition have placed themselves. They say that documents such as this shall not be produced.

An hon. Member: Three times.

Mr. Diefenbaker: They say that is the rule. I answered that by referring to the practice in the British house. Secondly, they say that in this case because they believe that the secrecy of the document has been violated by publication in the press—

Mr. Pearson: Hear, hear.

Mr. Diefenbaker: —therefore they have a right to expect the production of this document in the House of Commons. Mr. Speaker, that stand is one that has no logic about it.

Mr. Pickersgill: Just common sense.

Mr. Diefenbaker: It suggests this: a document is secret, a document is confidential, a document shall not be tabled in the House of Commons; but if some newspaper somewhere in an article states that there is some secret or confidential document and purports to make a quotation from that document—

Mr. Pearson: Which you will not deny.

Mr. Diefenbaker: —then, by reason of that situation, the document must be placed before the House of Commons.

Some hon. Members: That is right.

Mr. Diefenbaker: Just to state that proposition, Mr. Speaker, is to indicate the ridiculous nature of the proposition. The hon. member for Assiniboia (Mr. Argue) said that if another government does anything like this it is wrong and that if we do it it is right. That doctrine is far removed from the facts of this case and I am going to detail them now.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: I brought the matter before the House of Commons on January 20, 1958.

Mr. Caron: Wrong again.

Mr. Diefenbaker: I was able to show the utterly hypocritical attitude of the former government.

Mr. Habel: The same attitude you are displaying today.

Mr. Diefenbaker: I was able to do this simply by taking the same document, quoting from it, and producing it at their request.

Some hon. Members: Oh no.

Mr. Martin (Essex East): You produced it under the rules of this house.

Mr. Diefenbaker: The reason that they now endeavour to howl me down is this.

Mr. Habel: We want honesty.

Mr. Diefenbaker: They are afraid of an argument meeting their contentions of today and yesterday. Let us examine what I said on January 20 last. I refer hon. members to page 3534 of *Hansard* where I am reported as having said:

> It is of a confidential nature and it has to do with events immediately ahead in the economic field and for that reason documents of such a type have naturally not been tabled in the past. This, of course, is because if there is going to be a rising economy according to such a document then that encourages business interests but if it says that in a certain area there is going to be a reducing economy then that inevitably would have a detrimental effect.
>
> However, the point I made was that they did have that document and they did not act upon it but, instead of acting upon it, they actually placed before the House of Commons at the time of the budget a picture of a buoyant economy, hopeful for the future—

And then an interjection occurred when an hon. member said "We were scuttled".

Mr. Pickersgill: That statement is not true, of course, and the Prime Minister (Mr. Diefenbaker) knows it.

Mr. Benidickson: That is not so.

Mr. Pickersgill: The Prime Minister knows that is not true and I should be very glad to quote from Mr. Harris' speech in support of my contention.

Mr. Diefenbaker: I continue:

> —and assured the country that it would be continuing as they said it was.

Canadian Economic Outlook

And then again on the following day, January 21, as reported at page 3550 of *Hansard*, I said:

I would say it would not be in the public interest to table any reports that are coterminous with the time of application of such reports.

I wish to make it clear that we have no objection to the production of the economic report for this year provided it is not as I said last spring, and as the authorities state, coterminous with the year during which the report has application.

Mr. Pickersgill: The Minister of Finance (Mr. Fleming) said it was already out of date.

Mr. Diefenbaker: I assure the hon. member for Bonavista-Twillingate that we will produce the report for 1958 immediately after this year ends. It would be detrimental until January 1959. That has been the attitude in the past. That has been the practice in other parliamentary institutions.

Mr. Martin (Essex East): Not at all.

Mr. Diefenbaker: That is the stand which we take in regard to this document.

Mr. Pearson: You did not take that stand in January.

Mr. Diefenbaker: Next January, if there is any request—

Mr. Pickersgill: Would the Prime Minister permit a question?

Some hon. Members: No, sit down.

Mr. Green: Sit down.

Mr. Pickersgill: Would the Prime Minister permit a question?

Some hon. Members: He said no.

Mr. Pickersgill: He has only to say no.

Some hon. Members: He did.

Mr. Benidickson: Will the Prime Minister say no?

Mr. Pickersgill: Would the Prime Minister permit a question?

Mr. Diefenbaker: If there is any request for the tabling of this report—

Mr. Speaker: The hon. member for Bonavista-Twillingate cannot proceed unless the hon. member yields the floor.

Mr. Pickersgill: I asked the Prime Minister if he would permit a question.

Mr. Diefenbaker: If in January 1959 there is any request for the production of this document it will be made available and then my hon. friends opposite examining that document in the light of the economic events that have occurred in this country from May and June of this year on will be able to determine whether or not the policies as enunciated in the budget had some regard to the economic and financial prospects of this nation. The production of the previous report that was made in the house at their request—

Mr. Pickersgill: Under the rules.

Mr. Martin (Essex East): Do not misstate the facts.

Mr. Diefenbaker: —concerned a report referring to the year 1957. The production of the document occurred in 1958. The reason why they are so disturbed, Mr. Speaker, is this. The production of that document in the year following its preparation told the story in this house of the conjured fantasies of the terrible economic conditions they said we were responsible for and laid the responsibility on their doorstep.

Mr. Pickersgill: That statement is totally untrue.

Mr. Diefenbaker: Mr. Speaker, the contribution at all times in argument of my friend the hon. member for Bonavista-Twillingate is that the other person does not tell the truth.

Some hon. Members: That is right.

Mr. Pickersgill: Particularly in this case.

Mr. Diefenbaker: That is perhaps the most intelligent contribution that the hon. member can make to the debates of this house. It is a simple one but it seems to be about the measure of the hon. member for Bonavista-Twillingate.

Mr. Bell (Saint John-Albert): And he is a sailor too.

Mr. Diefenbaker: Now, Mr. Speaker, we are concealing no document from the house.

Some hon. Members: Oh, oh.

Mr. Robichaud: Is it marked "secret"?

Mr. Chevrier: Is that true or false?

Mr. Diefenbaker: We are following the practice followed in other parliaments.

Mr. McIlraith: Yes, in Russia.

Mr. Diefenbaker: And, next spring, in January, February or March when parliament assembles we shall gladly produce that document and my hope is that the prophecies made by the Minister of Finance will then be found in keeping with the facts rather than with the picture of black despondency that characterizes the opposition. Do you know what is wrong with them? They hoped that things would be worse.

Some hon. Members: Hear, hear!

Mr. Pearson: No.

Mr. Diefenbaker: They do not understand the fact, as put on the record by the Minister of Finance today, that our trade is increasing. They do not understand the fact that our wheat marketing has shown unusual powers of disposal.

Mr. Robichaud: Unemployment is increasing.

Mr. Diefenbaker: It is one of the hardest things for them to take when today, for the first time in 30 months, there was the largest reduction in the cost of living in any one month. They raise these arguments, Mr. Speaker. I have got the speeches of the Leader of the Opposition here. Job was supposed to be the greatest authority on lamentations until the Leader of the Opposition came along.

Mr. Fleming (Eglinton): Jeremiah.

Mr. Diefenbaker: Jeremiah, as my hon. friend who sits beside me says. Job was the patient one. That is my position. Now, Mr. Speaker, let me say this. They said all these things only a few months ago. They wailed, they used weasel words like those they used today. They brought in smoke screens. Today they bring in the civil service and the press.

Mr. Robichaud: You brought in a red herring.

Mr. Diefenbaker: That is exactly what it is. My hon. friend knows that they brought in protestations about the press. I am one of those who have been in politics for many years and I have always said—I am not saying it just today or for this occasion—that the press, except for slight errors and mistakes that naturally creep in, has always occupied to my way of thinking a high position in the finest traditions of this country. I have always said that.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: But they bring in the press in order to becloud the issue. They bring in the civil service; they bring in all these things. Do you know why they have said all these things, Mr. Speaker. Well, I have never placed too much reliance on Gallup polls but on March 31 last we had 54 per cent of the vote of the people of Canada.

An hon. Member: That was an accident.

Mr. Diefenbaker: Since then they have been saying all these things and telling the people how terrible things are but in the last report the figure is 60 per cent, the highest in history. I do not know who the advisers of the Leader of the Opposition are but I understand that he has recently brought in the same people he had during the election campaign. I am glad of that. They have used this type of argument and not attended to the discharge of responsibility as an opposition; they have befogged the situation on a matter such as this at a time when they say conditions are serious. When the opportunity came to them to deal seriously with economic conditions prevailing in Canada, the United States and elsewhere, conditions which are improving more rapidly in this country than in any other, they brought up a subject such as this which they know is simply a case of having a guilty heart and returning once more to something that revealed to the people of Canada the utter duplicity of the policies they put into effect in 1956 when they knew better or should have known better.

Mr. Martin (Essex East): A pretty poor defence.

Mr. Diefenbaker: Now, sir, I think you have indicated that my time is up. There are other matters I could have dealt with but I want to make one thing clear. There are two sides to their position. The document is secret. It must not be produced. They have to say that so they will be consistent with what they said last January. Then they say that the situation now is different because a newspaper purported to copy something which is only alleged so far as anyone is concerned and therefore the document has to be produced.

Some hon. Members: Time.

Mr. Speaker: Order. It being 9.06 p.m. it is my duty, pursuant to section 4(d) of standing order 56, to interrupt the proceedings and forthwith put the question on any amendment or amendments now before the house.

The house divided on the amendment to the amendment (Mr. Argue) which was negatived on the following division:

YEAS

Messrs:

Argue	Granger
Badanai	Habel
Batten	Hardie
Benidickson	Herridge
Boivin	Houck
Bourget	Howard
Caron	Leduc
Carter	Macnaughton
Chevrier	McIlraith
Denis	McMillan
Deschatelets	McWilliam
Dumas	Martin (Essex East)
Fisher	Martin (Timmins)
Forgie	Meunier
Godin	Michaud
Gour	Nixon

Pearson
Peters
Pickersgill
Ratelle
Regier
Richard (Ottawa East)
Richard (St. Maurice-Lafleche)
Roberge
Robichaud
Tucker
Winch—43.

NAYS

Messrs:

Aiken
Allard
Allmark
Anderson
Baldwin
Barrington
Baskin
Beech
Bell (Saint John-Albert)
Belzile
Bigg
Bissonnette
Bourbonnais
Brassard (Chicoutimi)
Broome
Browne (Vancouver-Kingsway)
Bruchesi
Brunsden
Cadieu
Campbell (Lambton-Kent)
Campbell (Stormont)
Cathers
Charlton
Chown
Churchill
Clancy
Coates
Comtois
Courtemanche
Creaghan
Danforth
Diefenbaker
Dinsdale
Dorion
Doucett
Drysdale
Dubois
English
Fairclough, Mrs.
Fairfield
Fane
Fleming (Eglinton)
Fleming (Okanagan-Revelstoke)
Forbes
Fraser
Frechette
Fulton
Grafftey
Green
Grenier
Gundlock
Hales
Halpenny
Hamilton (Qu'Appelle)
Hamilton (York West)
Hanbidge
Harkness
Hicks
Hodgson
Horner (Acadia)
Horner (Jasper-Edson)
Jones
Jorgenson
Jung
Keays
Kennedy
Kindt
Kucherepa
Lafreniere
Lahaye
Lambert
LaRue
Latour
Lennard
Lockyer
Macdonald (Kings)
MacEwan
MacInnis
MacLellan
McBain
McCleave
McDonald (Hamilton South)
McFarlane
McGee
McGregor
McIntosh
McLennan
McPhillips
McQuillan
Maloney
Mandziuk
Martini
Matthews
Milligan
Monteith (Perth)
Monteith (Verdun)
Montgomery
Morissette
Muir (Lisgar)
Nasserden
Nielsen
Noble
Nowlan
Nugent
O'Hurley
O'Leary
Ormiston
Pallett
Parizeau
Pascoe
Paul
Payne
Phillips
Pigeon
Pugh
Rapp
Rea
Regnier
Ricard
Richard (Kamouraska)
Rogers
Rynard
Simpson
Skoreyko
Small
Smith (Calgary South)
Smith (Hastings-Frontenac)
Smith (Lincoln)
Smith (Simcoe North)
Smith (Winnipeg North)
Southam
Speakman
Spencer
Stanton
Starr
Stearns
Stewart
Stinson
Tasse
Thomas
Thompson
Thrasher
Villeneuve
Walker
Weichel
White
Winkler
Woolliams
Wratten—149.

[Mr. Speaker.]

The house divided on the amendment (Mr. Pearson) which was negatived on the following division:

YEAS

Messrs:

Argue
Badanai
Batten
Benidickson
Boivin
Bourget
Caron
Carter
Chevrier
Denis
Deschatelets
Dumas
Fisher
Forgie
Godin
Gour
Granger
Habel
Hardie
Herridge
Houck
Howard
Leduc
Macnaughton
McIlraith
McMillan
McWilliam
Martin (Essex East)
Martin (Timmins)
Meunier
Michaud
Nixon
Pearson
Peters
Pickersgill
Ratelle
Regier
Richard (Ottawa East)
Richard (St. Maurice-Lafleche)
Roberge
Robichaud
Tucker
Winch—43.

NAYS

Messrs:

Aiken
Allard
Allmark
Anderson
Baldwin
Barrington
Baskin
Beech
Bell (Saint John-Albert)
Belzile
Bigg
Bissonnette
Bourbonnais
Brassard (Chicoutimi)
Broome
Browne (Vancouver-Kingsway)
Bruchesi
Brunsden
Cadieu
Campbell (Lambton-Kent)
Campbell (Stormont)
Cathers
Charlton
Chown
Churchill
Clancy
Coates
Comtois
Courtemanche
Creaghan
Danforth
Diefenbaker
Dinsdale
Dorion
Doucett
Drysdale
Dubois
English
Fairclough, Mrs.
Fairfield
Fane
Fleming (Eglinton)
Fleming (Okanagan-Revelstoke)
Forbes
Fraser
Frechette
Fulton
Grafftey
Green
Grenier
Gundlock
Hales
Halpenny
Hamilton (Qu'Appelle)
Hamilton (York West)
Hanbidge
Harkness
Hees
Hicks
Hodgson
Horner (Acadia)
Horner (Jasper-Edson)
Jones
Jorgenson
Jung
Keays
Kennedy
Kindt
Kucherepa
Lafreniere
Lahaye
Lambert
LaRue

Latour	Payne
Lennard	Phillips
Lockyer	Pigeon
Macdonald (Kings)	Pugh
MacEwan	Rapp
MacInnis	Rea
MacLellan	Regnier
McBain	Ricard
McCleave	Richard (Kamouraska)
McDonald (Hamilton South)	Rogers
McFarlane	Rynard
McGee	Simpson
McGregor	Skoreyko
McIntosh	Small
McLennan	Smith (Calgary South)
McPhillips	Smith (Hastings-Frontenac)
McQuillan	Smith (Lincoln)
Maloney	Smith (Simcoe North)
Mandziuk	Smith (Winnipeg North)
Martini	Southam
Matthews	Speakman
Milligan	Spencer
Monteith (Perth)	Stanton
Monteith (Verdun)	Starr
Montgomery	Stearns
Morissette	Stewart
Muir (Lisgar)	Stinson
Nasserden	Tasse
Nielsen	Thomas
Noble	Thompson
Nowlan	Thrasher
Nugent	Villeneuve
O'Hurley	Walker
O'Leary	Weichel
Ormiston	White
Pallett	Winkler
Parizeau	Woolliams
Pascoe	Wratten—150.
Paul	

FINANCE—CONVERSION LOAN, EFFECTS OF HIGHER INTEREST RATES

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, I have a grievance which I feel I must raise at this time because it deals with a matter which is not subject to a decision of the house in the normal course of events in that the government has undertaken an action for which, according to the authority vested in it, it did not have to ask the permission of this house. The action was taken within recent weeks as a decision of the government. I am, of course, referring to the bond conversion deal of the Conservative government, which is part of the new vision in the field of Canadian finance.

I want to be fair before I make my complaint by listing the only two advantages which I can see in this bond conversion deal so far as the people of Canada are concerned. In the first place, it is anti-inflationary in that it makes out of short term securities long term holdings and thereby removes from the potential buying power of the Canadian economy as much money as is being converted. The other advantage is that it clears the decks of the money markets of an overloading of short term securities, an overloading which was flooding the money markets.

I believe, and I say this sincerely, that on the whole this government has not yet made many serious mistakes. Its sins have been mostly sins of omission. In my opinion, however, this is the first major blunder, the first major sin committed by the regime of the present Prime Minister (Mr. Diefenbaker). The move is unprecedented in that it involves the conversion of from 40 to 60 per cent of the national public debt, depending upon the figure you take as being the real national public debt. It involves an unprecedented $6,400 million. It involves a rise in interest rates on government bonds from the 3 per cent which is now being paid to a high of 4½ per cent on the converted bonds. The Tory party is here really revealing itself as the traditional high interest party which it has always been in the entire history of Canada.

It is unique in that it converts callable bonds into non-callable bonds. It is unique in that every effort is being made to see that as far as possible all conversions should be into 25-year bonds. The conversion is also unique in that it is a conversion of bonds which are as yet unmatured into bonds carrying a higher interest rate. Many governments of Canada have in past years converted or called in unmatured bonds; they have called them in for the purpose of converting them to bonds carrying a lower interest rate. However, this government, for some reason that it has not yet explained to the country, is calling in bonds, in some instances many years before the date of maturity, and offering a higher interest rate if the holders will accept the new long-term bonds.

The Minister of Finance (Mr. Fleming) also announced a uniquely high rate on a short term loan when he announced that the government had arranged for $400 million until the fall at 2½ per cent. That also is new as far as interest rates go for this type of money. I have read the budget speech of the Minister of Finance and I am going to say that on June 17 he did not contemplate the move he had undertaken since June 17, because throughout the budget speech the implication was very clear that the most the minister was expecting to have to convert and borrow on the money market this year was $3,400 million. I can come to only one conclusion: This deal is so unheard of and so unreasonable that the minister found, after announcing his plans in the budget, that he was unable to get the $3,400 million that he expected to raise this year; $1,900 million to meet the victory bonds that were maturing, some $700 million to carry the deficit and another $800 million, roughly, to cover what are commonly called contingent liabilities.

And it is my conviction that the people who have control over the investment resources of Canada have held a gun to the heads of this government and have forced the hand of this government into converting the whole of these victory bonds.

Mr. Fleming (Eglinton): Utterly ridiculous.

Mr. Regier: The government only had to convert $1,900 million worth of bonds, because that is the total that were falling due this year, and I fail to understand why the government could not wait until next year before converting the issues falling due next year, and so on. Why did they have to convert $6,400 million worth of bonds? I must ask this question: who is the boss of Canada? Is it the government which the people elected on March 31, or is it the boys on Bay street and St. James street? I ask, furthermore, if this is the pay off for the election funds of the Conservative party—a 50 per cent increase in the pay of the money lenders of Canada. I wonder what the Prime Minister (Mr. Diefenbaker) would say if the school teachers, the civil servants or the farmers, or any other class of people in Canada, were to ask for a 50 per cent increase in their take home pay? Yet this is exactly what the Minister of Finance has told the money-lenders of Canada they can receive.

Not only is a bonus being paid to these people, but the government has been lavish in the commission rates which it is paying to the money-lenders for the conversion of these bonds. In addition, I notice the government has embarked on a very extensive and national publicity campaign and has inserted full page ads in every little weekly from one end of Canada to the other. The cost of the publicity of this new approach in the financing of the public debt is bound to be enormous. What the whole thing will cost, only the years can tell. I have made a very rough estimate, and I believe that over the 25-year period, assuming that the whole of this issue will be converted, and assuming that the rise in interest rates on other borrowings in Canada is going to amount to approximately three times that of the increase on the bonds, we get a gross cost to the Canadian people of $10,000 million over the next 25-year period.

This deal is already affecting other interest rates in Canada. There are many lending institutions attached to the federal government whose interest rates are directly allied to whatever interest rates the federal government agrees to pay on its long term bonds. I refer to money that is being borrowed by the people of Canada under the Central Mortgage and Housing Act, or National Housing Act loans; I refer to money being lent to the farmers of Canada by the Canadian farm loan board, and so on. There are many other institutions in Canada through whose assistance people borrow money from government agencies, and whose interest rates are going to be very directly affected. Interest rates on provincial government obligations are bound to rise; interest rates of municipal governments, hospital boards, and school boards are also going to rise, and if these rates do not rise, these institutions will have to pay through the nose in the other way by having to sell debentures at less than par.

It is going to affect the rates at which Canadian commercial undertakings will be able to borrow money and, in addition, affect the rates which the ordinary individual will have to pay on his private borrowings. After all, why should any lending institution be very interested in lending money to an individual at 5 per cent, 5½ per cent or 6 per cent if it can lend to the federal government on a 25-year non-callable basis and be assured of a return of 4½ per cent? The total price that the people are going to be asked to pay for the privilege of having a Conservative government will be fantastic; the whole scheme is bound to work hardship on the ordinary taxpayers and consumers of Canada.

Why do I feel so keenly about this? Let us look at what is happening to one individual—and I am going to take as an example someone I know—someone who in wartime scraped and denied himself of many things he would liked to have had. However, he knew he was supposed to help the government to ward off inflation; he was urged to buy victory bonds to help win the war and, like the good old soul he was, he invested $2,000 of his hard-earned savings in victory bonds. After the war he found that rents had climbed sky high, and felt obliged to buy a new home. So he decided to sell his victory bonds. He took them to the bank, and what did he get? Did he get 100 cents on the dollar as the banks and insurance houses are now getting? This particular man got 93 cents, and lost $140 of his investment right there. Those who bought those bonds at a discount are now the holders of the bonds. It is estimated that only one out of ten or possibly one out of 12 of these victory bonds are now held by individuals in Canada as individuals.

Mr. Pallett: According to whose estimates?

Mr. Regier: By far the most of them, approximately 85 per cent or more, are in the hands of institutions and the like.

Mr. Fleming (Eglinton): That is not true. Why not inform yourself of the facts and stick to the truth?

Mr. Regier: Will the Minister of Finance deny that our reputable financial newspapers and magazines in Canada are wrong when they say that only one out of ten, one out of eleven or one out of 12 bonds are held by individuals as individuals? If so, I should be very glad to have him put that on the record.

Mr. Fleming (Eglinton): I deny about 95 per cent of the nonsense the hon. member has been speaking tonight.

Mr. Benidickson: Which 95 per cent?

Mr. Fleming (Eglinton): He is making very harmful statements and is speaking a lot of rubbish.

Mr. Regier: I notice, Mr. Speaker, that every time I hit the minister where it hurts the minister immediately replies by charging that everything I say is nonsense. I have grown used to that over the years.

Mr. Fleming (Eglinton): What the hon. member is saying is worse than nonsense. It is extremely harmful and mischievous.

Mr. Regier: I know that millions of Canadians were forced by the exigencies of the situation to cash in their victory bonds and were required to accept 92 and 93 cents on the dollar. It was an inflated dollar they received. They are not inclined to look kindly upon the move whereby the government says, "We know you investment people paid only 92 or 93 cents on the dollar but we will give you 100 cents on the dollar. What is more we will pay you a cash bonus and a commission for converting the bonds which you yourselves hold and what is even more we will give you a new bond by which you will be assured an interest rate from 4½ per cent over the next 25 years involving not only this generation but the next generation of taxpayers."

If ever there was a case of "To him who hath shall be given and from him who hath not shall be taken even that which he hath" this is it. The people of Canada who held these victory bonds and who hated to have to sell them at a discount a few years ago are going to remember this sell-out of the welfare of the common people, of Canada on the part of the Conservative government. The Canadian people remember the slogans, "Ward off inflation," "help win the war," "be patriotic," "save your money and do not buy a car or a house or washing machine or frigidaire that you need so badly".

Had the government of the day told us of the sell-out that would take place once the war and the immediate post-war period was over the Canadian people would have hesitated before investing their money in victory bonds. The rise in the interest rate surely was not an effort the people of Canada expected this government would employ when it said it would relax the tight money policy of the former Liberal administration. If the Canadian people had had any inkling that the Tory government was going to relax the tight money policy by giving a 50 per cent raise in pay, as it were, to the money-lenders of Canada, I believe the election results would have been entirely different.

This represents a gift, a handout to the money-lenders of this country. In my view it speaks louder than any words of the Minister of Finance or of the Prime Minister (Mr. Diefenbaker) concerning where the allegiance of the Tory party lies. It lies today where it has always lain, with Bay street and with St. James street which in this case were able to finance a larger advertising campaign and put on a bigger show than the Liberal party was able to do and that is why the Tories are in office at the present time.

Mr. Fleming (Eglinton): There is not a word of truth in that.

Mr. Regier: Is that all you have to say?

Mr. Fleming (Eglinton): That is all that rubbish deserves to have said about it.

Mr. Speaker: Order. Is the house ready for the question?

Mr. Benidickson: Is the minister not going to reply?

Some hon. Members: Question.

Motion agreed to and the house went into committee, Mr. Rea in the chair.

The estimates of the following departments were first taken up and entered for consideration:

LEGISLATION

The Senate—
The Speaker of the Senate—
181. Allowance in lieu of residence, $3,000.

DEPARTMENT OF NATIONAL REVENUE

Customs and excise divisions—
259. General administration, $4,089,027.

DEPARTMENT OF THE SECRETARY OF STATE

383. Departmental administration, $282,666.

Proceedings reported.

BUSINESS OF THE HOUSE

Mr. Chevrier: Mr. Speaker, may I ask the government leader what the business will be for tomorrow.

Mr. Green: Tomorrow, Mr. Speaker, we intend to ask for interim supply and then

take the resolution which is No. 23 on today's order paper, concerning a measure to authorize the Canadian National Railway Company to make certain capital expenditures. I do not know if it will be possible but perhaps that could be put through all stages tomorrow. Then we will go on with the list of legislation which I mentioned last night.

Mr. Chevrier: Mr. Speaker, may I ask the house leader if he could tell us what will happen on the three remaining days of the week?

Mr. Green: After all the unkind things the hon. member for Laurier said about me in my capacity as house leader yesterday afternoon I am not at all certain whether it is wise to give him this information.

Mr. Chevrier: I thought I was extremely courteous in my references to you.

Mr. Green: I did not see that part of your address.

Mr. Chevrier: The only person of whom I was not courteous was the Minister of Finance (Mr. Fleming) but I am afraid I had reason to act that way.

Mr. Green: Oh, what you said to him does not matter.

Mr. Fleming (Eglinton): It rolls right off.

Mr. Benidickson: He does not budge a bit.

Mr. Green: We may have to take some of the measures I have listed for tomorrow on Thursday if they do not go through but the plan is to take the estimates of the Department of Justice and of the Secretary of State and then the items coming under the description of legislation for which His Honour the Speaker is responsible.

On Friday we intend to take the estimates of the Department of National Defence and of Defence Production, both of which have been through the estimates committee. On Saturday we intend to take the estimates of the Department of Northern Affairs and National Resources. If that is not telling the hon. member for Laurier the business of the house a long way ahead, I do not know what more I could do.

Mr. Chevrier: I must say, Mr. Speaker, that for the first time this session the house leader has projected his mind so far in advance that I am satisfied.

Mr. Fulton: What nonsense. You are dizzy.

Mr. Fisher: Mr. Speaker, may I ask the house leader when we are going to reach item No. 2 on the order paper. I see no reason for it being delayed. I am sure there is unanimity in the house and I know that in a certain part of the country there is an interest in seeing it become law.

Mr. Green: We cannot take estimates on Monday or Tuesday without a special motion and we wish to avoid another foolish debate like the one we have had in these last two days. There will be legislation called on next Monday and Tuesday and I hope we can cover this particular item on one or the other of those days.

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

ANSWERS TO QUESTIONS

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

C.N.R. EXTRA EMPLOYMENT, WESTERN REGION

Question No. 131—**Mr. Benidickson:**

1. How many men does the Canadian National Railways plan to employ as extra men in the western region in 1958 to strengthen its regular track force?
2. How many men were similarly employed in (a) 1956; (b) 1957?
3. What is the estimated average number of weeks of employment that will be provided for such extra men in 1958?
4. What proportion of the extra men so employed in 1958 are likely to be former employees previously laid off?

Answer by: **Hon. George H. Hees (Minister of Transport):**

The management of Canadian National Railways advise as follows:

1. Approximately 3,600 men.
2. (a) 1,650; (b) 3,550.
3. 22 weeks.
4. In the B & B forces—90 per cent. As to those in extra gangs, policy of management is to offer employment opportunities to those who may have been previously laid off.

CLEANING UP OPERATIONS, LA SARRE RIVER, QUE.

Question No. 176—**Mr. Bourget:**

1. Have cleaning up operations been carried out during the present fiscal year in the La Sarre river, in the county of Chapleau?
2. If so, what amount has been expended to date?
3. Who was employed as foreman?
4. What are the names of those who worked on such operations, and what amount was received by each such person?
5. Were the said operations suspended before completion thereof? If so, on what date and for what reason?

Answer by: **Hon. Howard C. Green (Minister of Public Works):**

1. Yes.
2. $4,647.40.
3. Henri Beaumier.
4. Foreman Henri Beaumier, $353.40; Rene de Grandmont, $321.00; Joseph Bolduc, $213.60; Adrien Provencher, $213.60; Raymond Gilbert, $213.60.
5. Yes. On June 27 work stopped temporarily pending authorization of additional funds to complete. Work resumed on July 21 and expected to be completed by August 8.

HOUSE OF COMMONS

Wednesday, August 6, 1958

The house met at 2.30 p.m.

VACANCY

Mr. Speaker: I have the honour to inform the house that I have received a communication from two members notifying me that a vacancy has occurred in the representation, as follows:

Of Arza Clair Casselman, Esquire, member for the electoral district of Grenville-Dundas, by decease.

Accordingly I have addressed my warrant to the chief electoral officer to issue a new writ of election for the said electoral district.

COMMITTEES OF THE HOUSE

Fifth report of standing committee on estimates.—Mr. Smith (Calgary South).

Ninth report of standing committee on miscellaneous private bills.—Mr. McCleave.

STANDING ORDERS—CONCURRENCE IN SECOND REPORT OF STANDING COMMITTEE

Mr. J. W. Kucherepa (High Park) presented the second report of the standing committee on standing orders, and moved that the report be concurred in.

Motion agreed to.

RAILWAYS, CANALS AND TELEGRAPH LINES—SPEAKER'S RULING—MOTION TO RECOMMIT BILL

Mr. Speaker: It may be appropriate at this time to deal with the point of order which was raised yesterday by the hon. member for Burnaby-Coquitlam which, as hon. members will recall, was raised when the hon. member for Peterborough presented to the house the seventh report of the standing committee on railways, canals and telegraph lines.

The point of order was to the effect that this report was not in accordance with the findings of the committee, and it was suggested by the hon. member for Burnaby-Coquitlam that the Speaker should either declare the report out of order or recommit the matter to the committee. Since the point was raised yesterday I have considered the matter at some length, and have had the benefit of the assistance of the Clerk of the house.

The report of the committee was as follows:

Your committee has considered the following bill and has agreed to report it without amendment:

Bill No. S-6, an act respecting Trans Mountain Oil Pipe Line Company.

This report was duly signed by the chairman as having been approved by the committee; moreover, it appears to meet every requirement of our practice in regard to content. It is suggested that on the face of it the report must be accepted as being in order.

The point of order is in effect an appeal to the house from a ruling of the chairman on a proceeding in a standing committee. The regularity of this course is open to question. The only known precedent in this regard arose in 1956 when the chairman of the standing committee on banking and commerce reported that his ruling had been appealed in the committee and he submitted the question to the judgment of the house. As recorded at page 6388 of *Hansard* for July 24, 1956, the then Speaker in part dealt with the question as follows:

I have to rule now that the appeal from the chairman's ruling should be settled in the committee on banking and commerce and not reported to this house.

Many hon. members who are here today will remember that incident. The Minister of Justice took part in the discussion and supported the view which the Speaker announced, as did a former member, Mr. Stanley Knowles, and as did Mr. Walter Harris and others. I think, in fact, all who spoke to the point of order were in agreement that the chairman's ruling in committee should not be brought to the house by way of appeal but should be settled in committee.

On the other hand, if the hon. member for Burnaby-Coquitlam wishes to appeal to the Speaker rather than to the house it must be stated that there is no known precedent wherein the Speaker of the house has acted either as arbitrator or as judge in connection with the regularity of any proceedings in any committee of the house.

Without passing judgment on any proceedings in committee on this bill, I suggest that it would be dangerous to follow this point of order as a precedent and thus allow members to call into review any or all proceedings in standing and special committees. Such a course would inevitably involve numerous

and interminable discussions which could seriously impair and impede the business of this house.

I find, therefore, that it would not be practicable for the Speaker, nor would it be competent for him, to review a ruling upon the regularity of a proceeding in a standing committee. This decision, of course, does not interfere with or deprive the house of its jurisdiction over its standing committees and their reports.

Mr. Frank Howard (Skeena): Mr. Speaker, in view of your ruling and comments with respect to Bill No. S-6 which has just been dealt with, I think it will be quite in order for the house to deal with the question of recommitting the bill to the standing committee on railways, canals and telegraph lines; and if I am in order in doing so at this time I should like to move that Bill No. S-6, in respect of the Trans Mountain Oil Pipe Line Company, be recommitted to the standing committee on railways, canals and telegraph lines. The motion will be seconded by the hon. member for Burnaby-Coquitlam (Mr. Regier).

Mr. Speaker: Would the hon. member draft his motion and submit it? While the hon. member is preparing this motion I should be glad to hear any hon. member who wishes to comment on the regularity of these proceedings. We are now engaged in routine proceedings under motions. The motion which is proposed by the hon. member for Skeena is one relating to a bill which has already been introduced into the house, and under standing order 41 notice of such a motion is not required.

Hon. Lionel Chevrier (Laurier): If I may say so at this juncture, I think perhaps it would be useful to the house if the chairman of the committee, the hon. member for Peterborough, were to explain exactly what took place. I must say that although I am a member of the committee I was unfortunately not able to be present in the house yesterday because of other work, and while the hon. member did make a statement earlier it was a brief statement of the facts, and I think it would be useful if we were given a brief résumé of what has taken place.

Mr. Speaker: Without disagreeing with the hon. gentleman, I suggest that the regular course would be to accept the motion if it is in order, as it appears to me to be, after which, the motion being debatable, an explanation could be made before the house decides whether or not to recommit the bill to the committee.

[Mr. Speaker.]

Hon. Howard C. Green (Minister of Public Works): On the question of whether or not notice should be given of this motion, standing order No. 41 reads as follows:

> Forty-eight hours' notice shall be given of a motion for leave to present a bill, resolution or address, for the appointment of any committee, or for placing a question on the order paper; but this rule shall not apply to bills after their introduction, or to private bills, or to the times of meeting or adjournment of the house.

And so on. Does that not mean that in a case of this kind there should be notice given? It does seem only reasonable that notice should be given to hon. members of the intention to move a motion of this kind. After all, it is interfering with the ordinary business of the house, and it would seem unreasonable that a debate should be precipitated on a question of this sort without some notice being given.

Mr. Speaker: Does anyone else have a comment on rule 41?

Mr. Regier: Mr. Speaker, on this particular point of order, I believe what the minister has omitted is that if the house does not take action without the notice required under ordinary circumstances, the bill could very well reach the committee stage of the whole house and even third reading before those 48 hours had elapsed. Therefore I submit that Your Honour is perfectly right in thinking that the motion is proper at this time. Your Honour in your remarks previously indicated that it is up to the house to decide on what to do with actions that have taken place in a committee set up by the house.

Mr. Speaker: I have given some thought to this present matter because of the ruling which I made earlier today. I considered what control the house would have over the matter if it did wish to recommit the bill for any purpose, whether to correct an irregularity, or with instructions, or for any reason whatever. It seems to me in reading rule 41 that the motion would properly be made at this stage of the proceedings. Even though it is a debatable motion it is one of those motions about the routine business of the house which presumably would be disposed of quite expeditiously.

The rule itself requiring notice, standing order 41, as I read it, expressly excludes a notice of motion relating to bills after their introduction, or to private bills. It seems to me this is that kind of motion, and I am disposed to accept the motion and to put it to the house.

It has been moved by the hon. member for Skeena and seconded by the hon. member for Burnaby-Coquitlam:

That Bill No. S-6, an act respecting Trans Mountain Oil Pipe Line Company, be recommitted to the standing committee on railways, canals and telegraph lines.

Mr. Howard: Mr. Speaker, if I may I should like to make a comment or two with respect to our reasons for moving this motion, and in explaining it make reference to some of the material which appears in the evidence and in the minutes of the committee of Tuesday, July 29, which incidentally were attached to the report of the committee of yesterday.

I would point out to the house first that our desire to deal with it in this fashion is merely in order that the committee may deal with the question in a regular manner.

Mr. Fulton: Mr. Speaker, may I rise on a point of order. If Your Honour says I should have raised it earlier I must accept your ruling, but I was pondering the matter. I wonder whether in accepting Your Honour's ruling that such a motion could be made without notice—the motion that is now before us—there is not still the additional question of the occasion on which it should be made. I raise the question as to whether it should be made when the bill is again being discussed in the committee of the whole house, at which time I suggest, in light of Your Honour's ruling, the hon. member could move the motion without notice.

I am wondering whether the hon. member by moving such a motion can bring forward a matter for consideration at a time when it would not normally be considered. As I understand it, bills of this nature are normally considered in the hour from five to six o'clock on Tuesday and Friday evenings. My suggestion is that the proper time and the only time the motion could be made would be when it comes up during the course of those hours.

In the light of Your Honour's ruling I accept the fact that a motion can be made without notice, but I think it could only be made at that stage, and that therefore it cannot be made here under motions, which would in effect mean that the bill was being dealt with at a time when it would not normally come before the house.

Mr. Speaker: There may be some force to what the hon. minister has just said. This is a novel matter, as far as I know; at least I recall no precedent at the moment for this sort of motion. I think it would be open to the house to appoint the time when the motion should be dealt with. If the house will allow me a minute I will consult the Clerk on the point just made.

Mr. Fulton: If I may be permitted to elaborate, my point is the normal proceedings and routines of the house should not be interrupted. They are appointed by the rules, and a definite time is set out at which bills of this nature come before the house. I submit that it is not, therefore, proper for a member to move at this stage a motion which would have the effect of interrupting or changing the normal procedure of the house, the normal routine of the house, when in fact he can raise it at the time the bill will be bound to come before the house again.

It is not as though he would lose his right to raise it if he does not raise it now. I am merely arguing that that is the proper time to do so; otherwise we find the routine business is interrupted and the normal business of the house is interrupted. I suggest that that is not normally permitted, and especially not permitted when the matter can be dealt with in the ordinary way at the ordinary time.

Mr. Regier: Mr. Speaker, may I have a word on the point of order that has been raised. The chairman of this committee has reported, and I think the hon. member for Kamloops will agree that in effect that report is a motion even though no formal motion is moved.

Mr. Fleming (Eglinton): No.

Mr. Regier: Unless immediate action is taken in opposition to that motion, then on any following day the obvious ruling of the Chair would have to be that any objection to the acceptance of this report should have been made at the time the report was accepted by the Chair and in effect adopted by the house. Therefore I feel that this is the only time the hon. member for Skeena might have made this motion. Had he made it one day or several days later he would have been advised that this report had been accepted by the house, in that there was no contrary opinion or motion at the time.

Mr. Green: Mr. Speaker, I point out that the hon. member for Skeena has made a motion, and the very fact of that having been done avoids the eventuality which is worrying the hon. member for Burnaby-Coquitlam. In other words, this motion is before the house; therefore the house could not proceed to deal with the bill section by section while this motion is outstanding. I suggest that the proper time, the reasonable time, to have the motion of the hon. member for Skeena considered would be during the hour from five to six o'clock on Friday;

otherwise the result will be that government business which has been set for today may be interfered with for the whole afternoon, and certainly the intention of the rules was that questions arising out of private bills should be considered during the time for private bills.

So long as no other proceeding can be taken in regard to this bill in the meantime, I suggest to the hon. member for Burnaby-Coquitlam his fears will be met if the motion which has been now moved by the hon. member for Skeena is put down for consideration on Friday from five to six o'clock.

Mr. Regier: So long as the motion is accepted.

Mr. Speaker: May I offer this for the consideration of the house. As the Minister of Justice says, it is a matter that would come up with the report of the committee, but this report does not have to be adopted by the house. Under standing order 20(1)(c) the reported bill is referred to committee of the whole in due course so there is no further motion with respect to this report other than the motion that I do now leave the chair for the house to resolve itself into committee of the whole on this particular bill. This procedure would take place on a Tuesday or a Friday at the appropriate hour. It is not a debatable motion, and therefore could not be amended at that stage, so it would be impossible for the house to express the wish, if it wanted to do so, that this matter be recommitted to the standing committee. This is not, therefore, the answer to the problem which the hon. member who makes this motion wishes to raise.

It seems to me that if the motion were allowed to stand it would block consideration of the bill, when it came to committee in its turn, until some disposition was made of the motion. The appropriate thing, therefore, is to dispose of the motion now. I express my view that this is a procedural motion and, while it can be discussed, it certainly should not be discussed at any length. It should be resolved almost immediately, and in that way not interfere unduly with the business of the house. There are other motions that must necessarily interfere with the business of the house, as hon. members know. For example, there is a motion on privilege or for discussion of the privileges of the house. My best judgment is that this motion is in order and ought to be disposed of expeditiously.

Mr. Howard: It is certainly not my intention to delay the house for any length of time, but I think it would be worth while if I were to make a few brief explanations arising out of the evidence presented along with the report in order to give to the house the events which in our opinion make the passage of this motion a necessity.

I would point out that on page 231 of the evidence with respect to this bill, as taken on Tuesday, July 29, 1958, there appears the following:

> The Chairman: Shall clause 1 carry? We will have a show of hands.

After the show of hands the clerk said:

> Six in favour, eight against.

He indicated that clause 1 had not carried. Subsequent to that there was some doubt in the minds of members as to just what it meant, and at a later meeting a point of order was raised with respect to it. I would point out, in addition, that there is an inconsistency between the transcribed proceedings which I have just read and the minutes of the committee. You will recall I read a portion showing that the chairman had asked if clause 1 would carry and calling for a show of hands. On the show of hands it was found there were six in favour and eight against. In the minutes of the committee we find the following:

> At one stage the chairman asked whether clause 1 carried. On a show of hands, the committee decided to continue the discussion.

Now I point out, Mr. Speaker, that the question posed by the chairman, as reported in the proceedings at page 231, was not, shall we have any further discussion; was not shall we consider this further, but was shall clause 1 carry. There is an inconsistency between the transcribed proceedings and the minutes themselves in that the proceedings show the chairman asking whether or not clause 1 shall carry and indicating the vote was in the negative by eight to six, whereas the minutes show that the committee decided to continue the discussion. This is another aspect of the matter that should be given consideration.

We appealed in what we thought was a reasonable fashion to the committee, stating that once the committee had taken a decision as indicated on page 231 of the proceedings not to carry clause 1, it should not then at a subsequent time have the right to reverse that decision. The committee should have reported to the house accordingly and asked that the bill be recommitted, as we are doing now in order that the proceedings may be regularized.

As you know, the committee cannot reverse its decision. I understood that in your ruling with respect to a point of order raised yesterday—I am not trying to put words in your

mouth, sir, but merely giving my understanding of what you indicated—you indicated that the regularity of the proceedings in the committee was open to question, and that is just what we are attempting to do. We are merely attempting to regularize the proceedings of the committee so that the conduct of the committee in considering this particular bill will be in accordance with the rules.

I submit that while there are certainly other matters which could be raised, and while there may be some discussion later, the only thing the house can do now is pass this motion in order that the committee may deal with the bill in accordance with the rules.

Mr. G. K. Fraser (Peterborough): Since the committee has absolutely nothing to hide, and has been trying to be as fair as possible with the members and the company which appeared before the committee, I may say I have no objection to this bill going back to the committee. I should like to say, though, that the hon. member for Skeena, after the show of hands had been taken, moved that the committee adjourn until the minutes had been printed so they could get further information. I have nothing to fear in the committee, and if it is the wish of the house the committee could meet tomorrow morning at 10 o'clock.

Motion agreed to.

STARRED QUESTIONS

GEORGE P. LEBLANC—ALEX P. BOUDREAU

Question No. 33—**Mr. Pickersgill:**

1. Were George P. LeBlanc and Alex P. Boudreau dismissed from the Cape Breton Highlands national park effective June 10, 1958?
2. How long had each of these employees been employed by the national park?
3. What was the reason for dismissal in each case?

Some hon. Members: Stand.

Hon. J. W. Pickersgill (Bonavista-Twillingate): I wonder, in view of the fact the minister's estimates are called for this week, if it might be possible for him to furnish the answers to these questions before his estimates come up for consideration?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): I will try, but I cannot promise to do so. I inquired about this matter two days ago, but they still had not all the information they needed.

Question stands.

CAUSEWAY CONSTRUCTION, ST. LAWRENCE RIVER-ILE DES SOEURS

Question No. 37—**Mr. Cardin:**

1. By what authority and under whose responsibility was a causeway built recently between the north shore of the St. Lawrence river and Ile des Soeurs (Ile St. Paul), Verdun?
2. What was the cost of the said causeway and who defrayed the expenditure therefor?
3. For what purpose was the said causeway built?
4. Having regard to the site and to the construction of this causeway, what steps have been taken to avoid the worsening of the water pollution problem and of increasing the risks of flood due to ice drift in the city of Verdun and surrounding municipalities?

Hon. George H. Hees (Minister of Transport): In reply to part one, I may say that the authority for the construction of the causeway and bridge, now to be known as Champlain bridge, was contained in Appropriation Act No. 6, 1956, such act providing that the work was to be under the jurisdiction, management and control of the national harbours board.

In respect of part two, a unit price contract, in the approximate amount of $273,500, has been let by the national harbours board.

Part three pertains to the purpose of the causeway. Its construction was made necessary to assist in the construction of the new bridge from Nuns' island to the south shore and in the construction of the bridge piers between Nuns' island and the city of Montreal. When it has served its temporary purpose the material will be used as permanent fill for certain portions of the bridge.

In reply to part four, I might add that large diameter pipes have been inserted so that a sufficient quantity of water will always flow and thus prevent water pollution above the causeway. The design of the causeway and the pipe installations were approved by the health authorities of the city of Montreal and the province of Quebec. The top of the causeway is at elevation 40 feet, and since ice always forms above this elevation the causeway should have no effect on ice drift.

EXTERNAL AFFAIRS

MIDDLE EAST—REQUEST FOR STATEMENT ON PROPOSED UN SPECIAL ASSEMBLY

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Having regard to the fact that the security council of the United Nations, of which Canada is a member, is meeting tomorrow to discuss this matter, I should like to ask the Prime Minister whether he would give us the views of the government on the proposal to hold a special assembly of the United Nations on the Middle East as an alternative, apparently, to the small, informal, confidential summit meeting under United Nations auspices which we had hoped for and which we on this side of the house think would have been a more constructive procedure at this time for practical consideration of this important question.

Inquiries of the Ministry

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, as far as the government is concerned the attitude has been clearly set forth, that we felt there should be a meeting of the security council and that following opening statements on the part of members of the security council there should then be a meeting in private of the four or five powers concerned under the chairmanship or with the assistance of the secretary general.

That attitude we pressed for throughout and it received as I saw it, during the course of the recent debate on external affairs, the general approval of the house. However, Mr. Khrushchev has not fallen in line with the generally accepted view of the United Kingdom, the United States and Canada. In view of the reported acceptance by the United Kingdom and the United States of the suggestion now made by Mr. Khrushchev it is apparent that this will be accepted as the alternative to that which was generally acceptable up until two or three days ago by the nations in question. That being so, we can only hope that the assembly will be able to deal with the question. The first of the inscribed resolutions is that by the United States. The second will be that of the U.S.S.R. In view of the fact that the matter will be discussed in the security council, I do not think I should go further at this time to indicate what technique would be acceptable, except to say that all of us have a desire to attain that medium of discussion in the United Nations which will diminish the tensions existent in the Middle East. The United States had already asked for a special session, and now that has been re-emphasized in the Khrushchev letter. It is an alternative—and apparently the one that is going to be generally accepted—and while we would have liked to be able to secure a security council meeting, the security council being seized of this question, we feel that any discussion in that direction at this time would be purely theoretical and would be of no practical reality.

Mr. Pearson: I have a supplementary question, Mr. Speaker. Can the Prime Minister confirm or otherwise, if he thinks it proper to do so, that the United States government had preferred a full and public meeting of the security council on this matter and did not favour a small, confidential meeting of certain members of the security council?

Mr. Diefenbaker: The hon. gentleman, with his experience, will realize that discussions that have taken place in that direction should not be revealed. The very fact that the hon. gentleman was fair enough to couch his question in the manner he did indicates that is the answer he would have expected.

[Mr. Pearson.]

Mr. Pearson: I am sorry to pursue this matter, Mr. Speaker, but I have one further supplementary question. I wonder whether the Prime Minister himself proposes to attend this special assembly session when it is held.

Mr. Diefenbaker: Until the question has been determined, Mr. Speaker, I do not want to engage in hypothetical considerations in that regard. The matter will immediately receive attention when the decision is reached.

CANADIAN BROADCASTING CORPORATION

REFERENCE TO TELEVISION PROGRAM "DEATH WEARS MANY FACES"

On the orders of the day:

Mr. J. O. Gour (Russell): I should like to direct a question to the Minister of National Revenue, as he is the minister responsible for the C.B.C. Has the minister had complaints regarding a television program entitled "Death Wears Many Faces" which was broadcast on the C.B.C. television network on the evening of July 30? I have had many telephone calls and letters complaining about this program, and I am transmitting one of the letters I received to the minister. I will just read a few words and not take up the time of the house by reading it all.

Mr. Speaker: The hon. member is seeking information. He asked this question. I think he should leave it at that.

Mr. Gour: I want the minister to know that my people have complained about this matter.

Mr. Speaker: The hon. member may send the letter over to the minister if he wants to do so, but I cannot allow him to read it.

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, I do not recall any letters which I have received in connection with that particular program. It is possible that I have received some. As a matter of fact I get scores of letters about C.B.C. programs, commending some and criticizing others. It has been my practice to send them all over to the management of the Canadian Broadcasting Corporation for their attention. I will check my files, will also check with the C.B.C., and will answer the hon. member within a day or two or probably not until the first of next week, because I will not be in the house.

Mr. Gour: I thank the minister, and I will send him over the letter.

CANADIAN NATIONAL STEAMSHIPS

REPORTED SALE OF VESSELS TO CUBA

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, I should like to direct a question to the Minister of Transport. The press this morning carried a report to the effect that the Canadian National Steamships have disposed of or are considering the disposal of their ships to Cuba. Recently we received a report that they were being sold to Panama. I wonder whether the minister would be good enough to bring us up to date and tell us whether or not the ships have been sold, and what is the present position?

Hon. George H. Hees (Minister of Transport): The management of the Canadian National (West Indies) Steamships have received a number of proposals dealing with the sale of the ships. They have been considered. I expect that this matter will be concluded shortly.

OLD AGE SECURITY

INQUIRY AS TO REPORT OF DR. ROBERT CLARK

On the orders of the day:

Hon. Paul Martin (Essex East): May I ask the Minister of National Health and Welfare whether he is now in a position to table the report of Dr. Clark with regard to the investigation of the old age and survivors system in the United States?

Hon. J. W. Monteith (Minister of National Health and Welfare): No, Mr. Speaker.

Mr. Martin (Essex East): May I ask a supplementary question. Will the minister be able to table that report so it can be discussed in this house before the conclusion of the session?

Mr. Monteith (Perth): I am unable to state definitely, Mr. Speaker, as to whether or not the report will be tabled before the end of the session. I can only repeat what I have said on previous occasions when the same question has been asked. The report is progressing very favourably.

Mr. Martin (Essex East): May I ask a supplementary question. Has the minister asked Dr. Clark whether or not he could present his report to the minister and consequently to the house at a time which would permit discussion in this house, and also give the government an opportunity to formulate its policies in accordance with the assurance given to the people of Canada.

Mr. Green: When are you going away?

Inquiries of the Ministry

Mr. Monteith (Perth): It was intimated to Dr. Clark, Mr. Speaker, that the report is requested as soon as possible.

Mr. Hazen Argue (Assiniboia): May I ask a supplementary question. Could the minister tell the house why the report has been so long delayed beyond the four months' time of inquiry stated in this house earlier by the Prime Minister?

Mr. Monteith (Perth): I have already answered that.

Mr. Martin (Essex East): What was the answer?

(Translation):

COAL

DOMINION COAL COMPANY SURPLUS—REQUEST FOR TABLING OF PAPERS

On the orders of the day:

Mr. Armand Dumas (Villeneuve): Mr. Speaker, I wish to direct a question to the hon. Minister of Mines and Technical Surveys. Can the minister tell the house when we may expect him to table the documents concerning the agreement entered into some time ago by the federal government and the Dominion Coal Company about surplus coal stockpiled during the year?

Hon. Paul Comtois (Minister of Mines and Technical Surveys): Mr. Speaker, I thank the hon. member for Villeneuve (Mr. Dumas) for having given me notice of his question. My answer is that the information requested will be conveyed to the house in a few days.

(Text):

ROYAL VISIT

REPORTED VISIT OF HER MAJESTY THE QUEEN IN 1959

On the orders of the day:

Mr. W. G. Dinsdale (Brandon-Souris): I would like to direct a question to the Prime Minister. Has the Prime Minister any comment to make on the report appearing in the press yesterday that plans are under way for the visit of Her Majesty the Queen to Canada next year?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, hon. members will recall that when Her Majesty spoke on television last October she expressed the hope that she would be present at the opening of the St. Lawrence waterway in 1959, and she said at that time she hoped to include in the discharge of that responsibility provision for a visit which would permit her to travel more widely across the country.

Inquiries of the Ministry

The government is about to set up a special committee to look after the arrangements, but no itinerary in that regard has been submitted to Her Majesty and, at her request, none will be submitted to her before October next. I am therefore not in a position to say any more in regard to the press report except that there is the expectation that she will be here for the opening of the St. Lawrence waterway. I know that Canadians as a whole will look forward with loyal anticipation not only to her visit on this historic occasion but also to her presence in other parts of Canada. We all express the hope that she will be able to make an extensive visit when she is here in connection with the opening of the waterway.

Hon. L. B. Pearson (Leader of the Opposition): I am sure all members of the house and indeed all Canadians will welcome the news which the Prime Minister has been good enough to give us, that the expectations are that Her Majesty and the Duke of Edinburgh will visit Canada next year to open the St. Lawrence seaway. I might perhaps say that this invitation was initiated by my predecessor, Mr. St. Laurent. I am sure that when Her Majesty and the Duke of Edinburgh arrive in Canada they will receive the same kind of warm welcome which they have received in the past and which Her Majesty's sister is now receiving during her visit to this country.

NORTHERN AFFAIRS

ESKIMOS—STATEMENT ON REPORT ON DEATHS AT GARRY LAKE, N.W.T.

On the orders of the day:

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, the hon. member for Mackenzie River yesterday asked a question concerning some Eskimos, and in reply at that time I said I would be able to give him some sort of answer which would be more or less official today. I now wish to advise the hon. member that the official report has been received by the department and that the deaths of the 14 Eskimos at Garry Lake during the past winter resulted from starvation and exposure.

Mr. M. A. Hardie (Mackenzie River): I wonder if the minister could tell us whether or not the official report is the coroner's inquest report, or does it consist of an autopsy report?

Mr. Hamilton (Qu'Appelle): This official report is an autopsy report, and there were 14 Eskimos involved.

Mr. Hardie: I wonder if the minister could table the autopsy report?

[Mr. Diefenbaker.]

Mr. Hamilton (Qu'Appelle): At the moment I see no objection to so doing.

Mr. Hardie: Has there been an inquest into these deaths?

Mr. Hamilton (Qu'Appelle): Not of the usual character.

Mr. Hardie: Not of what?

Mr. Hamilton (Qu'Appelle): There was an investigation but not the usual coroner's investigation such as we have in the provinces.

FINANCE

"CANADIAN ECONOMIC OUTLOOK FOR 1958"—COMMENT BY MINISTER OF TRADE AND COMMERCE

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I would like to address a question to the Minister of Trade and Commerce, and I apologize for not having given him notice, but I am sure members of the house want to know as soon as possible the date of a certain anticipated historic event. At page 3104 of *Hansard* for yesterday the minister is reported as having indicated to the house that we would hear from him on "The Canadian Economic Outlook for 1958". Could he inform the house when we can anticipate that oratorical treat?

Mr. Speaker: I have never heard hon. members asked on the orders of the day when they proposed to speak and I doubt that this is a regular question.

Mr. Fulton: How could he anticipate an event which is described as historic?

TRADE

INQUIRY AS TO IMPORTATION AND STOCKPILING OF PIPE

On the orders of the day:

Mr. W. H. McMillan (Welland): I should like to direct a question to the Minister of Trade and Commerce. Is it true that 50,000 tons of 24-inch pipe is being imported and stockpiled north of Toronto for projects not yet ready to proceed?

Hon. Gordon Churchill (Minister of Trade and Commerce): I thank the hon. member for having given me notice of this question. The answer is that a small tonnage of large diameter pipe, including some 24-inch pipe, is now being delivered to Toronto in fulfilment of a contract entered into two years ago with suppliers in the United Kingdom.

PIPE LINES

NORTHERN ONTARIO PIPE LINE—REQUEST FOR REPORT ON LABOUR CONDITIONS

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Several weeks ago the Minister of Trade and Commerce announced that he would shortly be paying a visit to the Northern Ontario Pipe Line Crown Corporation section of the pipe line. I assume he has made that visit, and I wonder if he could give us a report on the general progress in connection with labour conditions along that line?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, I had intended to visit that line on Monday and Tuesday of this week, but other commitments prevented me from doing so.

SUPPLY

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

INTERIM SUPPLY

Mr. Fleming (Eglinton) moved:

Resolved, that a sum not exceeding $615,999,671.59 being the aggregate of

(a) one-sixth of the total of the amounts of the items set forth in the main estimates for the fiscal year ending March 31, 1959 laid before the House of Commons at the present session of parliament except items 200, 362, 409 and 513 for which the proportion is one-twelfth and items 106, 108, 111, 439, 443 and 502 for which no proportion is granted hereby;

(b) five-twelfths of the total of the amounts of items 76, 268 and 296 of the said estimates;

(c) one-quarter of the total amounts of items 94, 216, 359 and 497 of the said estimates;

(d) one-twelfth of the total of the amounts of items 139, 161, 182, 185, 186, 197, 198, 199, 201, 203, 207, 211, 212, 270 and 394 of the said estimates;

(e) one-sixth of the total of the amounts of items set forth in the supplementary estimates of the fiscal year ending March 31, 1959 as laid before the House of Commons at the present session of parliament, except items 545, 546, 547 and 627;

(f) one-sixth of the total of the amounts of items 635 and 654 set forth in the said supplementary estimates,

be granted to Her Majesty on account of the fiscal year ending March 31, 1959.

He said: Mr. Chairman, this is the third of the motions for interim supply during the present session. On the first motion, the committee provided supply for the months of April and May. On the second appropriation it provided supply for June and July. Supply is now about to be exhausted, and the committee is now being asked to approve a resolution which will provide the requirements of supply for the months of August and September, the ordinary two months' vote of supply.

Interim Supply

The simple fraction that is applied with respect to nearly all the items in the estimates —and there are over 650 of those items in the estimates and supplementary estimates— is two-twelfths. As to a few items, however, and they are the ones that are specifically designated in the resolution which you, Mr. Chairman, have read, there are special circumstances and an additional appropriation is being asked. The work involved in these items is of a special nature; in practically every case it is summer work and, accordingly, a larger than proportional vote is now required than is the case with respect to those items which permit of expenditures being spread evenly throughout the 12 months of the fiscal year.

In no case is the committee asked to approve any proportion in excess of eleven-twelfths of the item, and accordingly the committee retains its full opportunity to discuss any item. In this respect I give the usual undertaking that the passing of this resolution and the bill to follow will not prejudice the rights and the privileges of hon. members to criticize any item of the estimates when it comes up for consideration in committee of supply, and the usual undertaking is hereby given that such rights will be respected and will not be restricted or curtailed in any way as a result of the passing of this measure.

Mr. Benidickson: Would the minister indicate those items which go up to eleven-twelfths?

Mr. Fleming (Eglinton): That, I think, is obvious. I gave the hon. gentleman a copy of the details of the proposed vote yesterday. If he will look at clause (a) of the resolution he will see that we are not asking for any additional vote of items 106, 108, 111, 439, 443 and 502 because the committee has already provided eleven-twelfths of those votes. In the case of items 200, 362, 409 and 513 the house has already provided ten-twelfths, and in respect to these four items we are asking only one-twelfth instead of two-twelfths of the vote.

In clause (b) of the resolution we are asking in respect of items 76, 268 and 296 for five-twelfths of the vote which would bring those items up in each case to eleven-twelfths. The three-twelfths which we are asking in clause (c) will bring item 94 up to the proportion of eleven-twelfths.

Then further with respect to clause (e) in reference to the supplementary estimates, we already have eleven-twelfths of items 545, 546, 547 and 627 and accordingly no additional vote is asked with respect to those items.

Those are the items, complete, Mr. Chairman, with respect to which the committee

will if the present resolution and bill are carried have voted eleven-twelfths of the item.

Mr. Martin (Timmins): Mr. Chairman, on a motion of supply such as this it is my understanding that we can deal with almost any matter arising from the general estimates, which leads me to a subject which certainly is due for a little more scrutiny than it has received up to date.

Mr. Fleming (Eglinton): If the hon. member would permit me, I should like to raise a point and appeal to him. I have given an undertaking that the passing of this resolution and the bill to follow will not curtail the right of any hon. member to raise any matter that is pertinent to any item when the estimates come before the committee of supply. The purpose of giving that undertaking is to avoid duplication of debate. If it were to become the practice of the house to indulge in extended discussion of any subject on these motions for interim supply we would simply be duplicating the function of motions to resolve the house into committee of supply, or the work of the committee of supply on the items of the estimates. For many years it has been the practice of this house to pay attention to the undertaking which is given, and which I have again given today, and in that way to avoid duplication of debate.

If all hon. members chose, on motions for interim supply, to discuss any matter which occurred to them it would be impossible to obtain a vote of interim supply. We are on the point of running out of money, and we need this interim supply. I may say also that the next matter before the committee today is likewise a very urgent matter. Approval of the next measure is very urgently required, for the very same reason, with respect to Canadian National Railways. Therefore, I appeal to the hon. member, without asking him to curtail any of his rights as a member of this committee, to make his observations, whatever they may be, on the relative item of the estimates in committee of supply.

Mr. McIlraith: May I ask a question at this point? Did the Minister of Finance give the usual undertaking?

Mr. Fleming (Eglinton): Oh yes. Very clearly.

Mr. Martin (Timmins): Further to the remarks of the Minister of Finance, I was one of the many millions of Canadians who heard all about the rights of parliament and how they were guaranteed; and we had an excellent example last Monday of just how they are guaranteed. On that basis I think the fact that the government wants to preclude even one speech from being made at this stage is just a further example of the spirit shown here last Monday.

The point I should like to deal with is one that is of urgent importance to this country at the present time. That it is a matter of particular interest is evident by reading newspapers from coast to coast, both daily and weekly newspapers, which have devoted parts of their editorial pages and news pages to discussing the subject. I am referring, of course, to the unprecedented bond deal we have seen in recent weeks.

I should like first of all to refer to an editorial taken from the *Fundy Fisherman* of Wednesday July 20, 1958 which devotes a lengthy editorial to this important subject. It is entitled, "Costly, Unnecessary and Unwise" and I should like to read the first paragraph of this editorial:

> The large debt refunding plan, amounting to around six and one-half billions of dollars, which has been placed before the people of Canada and is now being carried out by the federal government, should be examined most carefully by all citizens of the country. The terrific cost of this colossal refunding scheme is going to be felt by every man, woman and child throughout Canada. Not only will this cost be felt at the present time, but for the next generation to come.

Mr. Pallett: Are you opposed to municipalities getting money?

Mr. Martin (Timmins): Mr. Chairman, one of the most significant things about this plan is that it is going to be of benefit to very few but it will represent a cost to very many. I wonder if that is what the Minister of Finance wants. It is generally agreed across the country that the bonds to be converted are held by very few, in fact by as little as 10 per cent of our population. They are going to benefit to the extent of 50 per cent. But who is going to pay? Any person who suggests that this is a "something for nothing" deal is nothing short of a false prophet. There is nothing for nothing in this country. Whatever you get someone has to pay for. If you do not pay it someone else does. If it does not cost you anything it costs someone else double before you reap any benefit. The common ordinary individual in this country, the man on the street referred to by this editorial, at the present time holds about 10 per cent of the bonds that are about to be reconverted based on the best estimates the authors could obtain.

Mr. Fleming (Eglinton): Poppycock; that is utter poppycock.

Mr. Martin (Timmins): I see that the Minister of Finance is making the same contribution today that he made last night.

I should like to quote a few shining examples of his contribution to the debate last evening. At page 3136 of yesterday's *Hansard* the Minister of Finance interjected in the remarks of the hon. member for Burnaby-Coquitlam:

That is not true.

Mr. Fleming (Eglinton): You are out of order.

Mr. Martin (Timmins): I continue:

Why not inform yourself of the facts and stick to the truth?

Mr. Fleming (Eglinton): Mr. Chairman, I rise on a point of order. Surely we can have some adherence to the rules of order. The hon. member is clearly out of order. There was discussion of this matter last night on another motion entirely. That motion was carried and the matter that was raised as a grievance and the discussion of it ended. Now the hon. member is treating this matter today as though it were a continuation of yesterday's discussion. Today we have an entirely new item of business. Surely it is not to be treated as a continuation of a debate that occurred yesterday on an entirely different matter. In my submission the hon. member is completely out of order.

Mr. Martin (Timmins): Mr. Chairman, may I say a word on the minister's point of order. I made no reference to his remarks yesterday until such time as he made an interjection today similar to that which he made last night. It was the minister who gave rise to that aspect of it.

Mr. Fleming (Eglinton): Oh, how silly can you be?

The Deputy Chairman: It is quite true that a matter that has been before the house and disposed of cannot be brought up again.

Mr. Chevrier: Mr. Chairman, on a point of order. Surely we have not reached the point that this kind of attitude should be taken. The Minister of Finance has raised a point of order which to my mind, and with respect to you, is completely erroneous. On a matter in which supply is being discussed and we are being called upon to vote interim supply surely the hon. member can discuss a matter concerning bond conversion. I respectfully suggest he is in order.

The Deputy Chairman: I was referring to the hon. member for Timmins referring to what the minister said yesterday and I was not referring to what he is discussing now. That in my mind is quite in order except that he should not be reading what was said last night in the debate. That is the point to which I was referring.

Mr. Chevrier: I am sorry if I misunderstood you.

Mr. Martin (Timmins): I shall be very glad to abide by your ruling. I should like to refer again to the editorial in the *Fundy Fisherman* with respect to the question as to who owns the other 90 per cent of these bonds. The editorial poses the same question and answers it in this fashion:

It is estimated, and quite rightly we believe, that around 90 per cent are owned by insurance companies, chartered banks, trust companies, non-financial companies, savings banks, corporations and other loan companies, co-operative groups, etc.

Whether or not it was the intention to do so the fact is that to a certain extent we are penalizing 90 per cent of the people in this country for the extreme benefit of the other 10 per cent. The question that arises in my mind, of course, is why are we doing this? It seems to me that this 10 per cent of the population was quite happy with the previous rate of interest. Otherwise I do not see why those people should have acquired the bonds. If they were not satisfied with the 3 per cent previously paid why did they collect these bonds?

An hon. Member: There was a war on.

Mr. Martin (Timmins): I heard an hon. member interject that there was a war on. I should like to remind the hon. member that the war has been over for approximately 12 or 13 years. As was pointed out on another occasion the majority of people who bought these bonds to help the war effort have since unfortunately been forced to let them go at a loss in order to make necessary purchases or investments. As I said, 90 per cent of the people of this country will receive no benefit from this conversion deal. It will mean for them nothing but an additional cost to the present costs they have. It is estimated that this additional cost will amount to nothing less than $1 million per week.

Another point that should be given close scrutiny is that no opportunity was provided to this parliament to discuss this proposed conversion deal despite the fact that perhaps two or more weeks ago prior to the announcement of the proposal the Minister of Finance had ample opportunity to take the house into his confidence with respect to the proposed plan affecting these bonds. Added to that is the fact that we have unfortunately seen demonstrated on too many occasions how extremely thin skinned the Minister of Finance is and it puts one in mind of the old story we used to read in books about the Middle East to the effect that Allah was the true Lord and Mohammed was his prophet. In this case it would appear that John is the

true Lord and Donald is his prophet and no one must question either one of them.

I have another question I should like to have answered. What is going to be the effect of this deal this autumn when the regular sale of savings bonds goes into effect? Is the public to be expected to go along for the same deal they got last year or will they expect a better deal like this conversion bond proposal? I personally believe that the public, and perhaps with some justification, will expect a much better deal in the light of these recent events but the question is, will they get it?

Another matter that arises is this. How will this affect provincial debt and financing? On March 31 last it was estimated that the direct and indirect debt of provincial governments was $4,638,327,000. A one and one-half per cent rise in interest rates would mean an additional cost of $70 million a year. How is this new deal of a 50 per cent increase in interest rates going to affect provincial debts? How will it affect other matters? For example, how will it affect the financing of the South Saskatchewan dam, that project which we hope now is going to reach completion and which we have waited for with bated breath for so many years in the past? How is it going to affect the balance of the St. Lawrence seaway project? How is it going to affect present and future operations of the Canadian National Railways? How is it going to affect the educational program, which members from all sides of this house have agreed we must expand and stimulate in the years to come? How is it going to affect the hospital building projects which the various provincial hospitalization plans are going to bring about over the next few years? How indeed is it going to affect the small business program which, as the government has expressed, is even of interest to this group? They have expressed their amazement and surprise that it is of interest to this group. On many occasions this government has expressed their friendship, interest and concern for the small businessman. How is this project going to affect small businesses?

Another matter that causes me some surprise, Mr. Chairman, particularly in view of the program outlined in the last election, is that the Liberal party has not shown some interest in this matter.

Mr. McIlraith: They have shown very great concern.

Mr. Martin (Timmins): In the last campaign they advocated that one of the best ways to stimulate business was to cut taxes. I am sure all hon. members realize that this particular project is going to increase taxes in the long run. It can have no other effect. Our taxes are going to be very seriously affected both by the record deficit of our government this year and the bond issue which is going to raise costs by another enormous amount. It is confined not only to the federal field. The federal base rate of interest is the base rate for the country, and all other operations will rise accordingly and probably to the same extent at least. It is going to affect provincial borrowings and municipal borrowings and through them it is going to affect rentals. It is going to affect the cost of groceries and our cost of living. The result is that the taxpayers and particularly the 90 per cent who are not going to benefit—possibly the 10 per cent can afford to meet those added costs—will find their costs rising. What about the 90 per cent who are not going to benefit in any way from this? They are going to be caught three ways. First, they are going to be caught by the 50 per cent increase in the federal field. Then, they will be caught at the provincial level and at the municipal level and then through their rent and groceries and all down the line.

Above all, Mr. Chairman, there is one question that has not yet been answered and I think it needs to be answered and that is, what was the need for this? We can understand the need for the $1.8 billion that was needed to refinance the bonds coming due this year. We can understand that and in fact we can commend the fact that it is to be on a 25-year basis and it will act as a deterrent to inflation; but that does not apply to the total of $6.4 billion. The only reason that we can see for that large conversion at the present time is that there must be some terrific pressure some place that forced such an unusual measure in the period of two weeks from the time that the Minister of Finance presented his budget in this house and the time that he made his unprecedented announcement.

There is another aspect also that is going to affect this country considerably. How is this going to affect the value of the Canadian dollar in relation to the United States dollar? At the present time the Canadian dollar is at quite a premium over the United States dollar and it is, to put it mildly, possibly a mixed blessing. It may benefit certain sections of our country but in the main I think the majority of the people of this country feel that it is possibly as much a curse as it is a blessing. In the same editorial of the *Fundy Fisherman* this very point is dealt with, and I should like to quote the following extract:

However, as long as these usurious rates exist in Canada we shall continue to mortgage our birthright outside our country. Again, when American

money is borrowed in this way it has to be converted into Canadian funds, which greatly increase the demand for the latter. This continues to raise the price of Canadian money in comparison with the value of American money and, of course, places an obnoxious heavy tax upon exporters at a time when exporters should be encouraged—for imports have to be paid by exports and, at present, our imports far exceed our exports.

There is another matter on which I should like an answer from the minister. I wonder whether there is any guarantee? Is the government in any way assuring that notices are sent to all bondholders? I am sure it is not too difficult to send notices to the 10 per cent of the people who hold 90 per cent of the bonds, but what about the other 10 per cent? I realize that the government has embarked upon a terrifically expensive advertising campaign to convert those bonds. Whether that is necessary or not I do not know. I sometimes think, Mr. Chairman, it might be far cheaper if individual notices were sent to those 10 per cent of the people—

Mr. Cathers: They are unknown.

Mr. Martin (Timmins): I think it could be done at far less cost than the costs that we seem to be incurring in full-page advertisements across the country, and so on.

In closing my remarks, Mr. Chairman, I think I can do no better than to read from the last paragraph of the same editorial to which I referred on two or three occasions. It reads:

> We have the resources, which are the foundation of prosperity, but a faulty monetary policy that is not constructive, can and will be destructive to our national and individual well being.

Mr. Peters: Mr. Chairman, we have had considerable discussion on this matter of the conversion of our bonds and we have heard many charges and very little reply by the minister to those charges. I think his remarks on this subject in previous debates and in the present debate have held in contempt the Canadian people and I suggest that if the Minister of Finance wishes to make no reply to those charges he should resign.

Some hon. Members: Oh, oh.

Mr. Regier: It is important enough.

Mr. Peters: It might happen in other countries; I am not expecting it to happen here. I make the suggestion that I think the situation warrants it.

Certain elements of the Canadian public have been very impressed and very happy about this matter of the conversion. It has been generally understood that it is going to cost the Canadian people over a period of years a great many billions of dollars in added interest charges, which the people are going to have to pay, and you and I, the taxpayers of Canada, are certainly not going to be happy about the situation.

An article which gives an indication that the Tory party has again become the Tory party, something which it has not been for six or eight months, appeared in the *Leader-Post* of July 15, just after this conversion was announced.

Mr. Hanbidge: Where is that published?

Mr. Peters: The article is written by the Canadian Press business editor. The first sentence is as follows:

> Investment houses gave a roaring welcome to the government's announcement of a mammoth $6,400,000,000 refunding operation.

Certainly, they should. The majority of these bonds is held by very few people.

Mr. Pallett: You should read the whole article, not just part of it.

Mr. Peters: I am only referring to part of it. If the hon. member wishes to read the rest of it, I suggest he take part in this debate. There is considerably more here. This may be an opportunity for the hon. member to speak for the first time during this session.

As I say, for many years Bay street and St. James street have dictated the financial policy of Canada, and those people will be very happy about this conversion. When I say the minister is irresponsible, I am referring to the fact that less than $2 billion in bond conversion would have met the situation with which the minister was faced. I agree that some conversion was necessary at the present time, but there was no need to ask all these bondholders to convert their bonds. Some of them did buy victory bonds because they were asked to do so for patriotic reasons. They have not changed their minds. They agreed to lend that money for that length of time at that rate of interest. I submit that they are not the people who are interested in this conversion. Most of them have already converted their bonds and they were forced to sell them to banks and lending institutions for $92 or $93. They seldom got $100.

This conversion has interfered with the whole structure of the interest rate, and completely upset the law of supply and demand which, in the past, this government has said they were interested in maintaining. If they were only interested in maintaining the interest rate, then they could have converted only these $2 billion instead of the $6.5 billion that they have put up for conversion.

In my opinion, this will have a great effect on resource development in Canada. Why should someone who is looking for an investment put his money into resource development when he can put it into government bonds which will now carry a fairly high

rate of interest? In my opinion, this is going to eliminate a considerable amount of the expansion capital that we have received from some of these people in the past. They will now buy long-term government bonds.

Another aspect of the matter upon which this conversion will have an effect is municipal financing. It has been said in this house that the conversion will not interfere with provincial or municipal financing, but that does not appear to be the fact. I have an article here and I venture to say that the situation outlined in it will be repeated thousands and thousands of times in municipalities across this country when they try to raise money. This article is from the Port Alberni newspaper, the *Twin Cities Times*, of Wednesday, July 18. It is under the heading "Council Accepts Bid for Municipal Bonds."

> The announcement Monday in Ottawa of the government's new bond conversion plan has affected the price this city will obtain for its municipal building debentures. Monday night council accepted the bid of Ames & Company Limited of 98.67 per hundred for $150,000 debenture issue. The tender was received in a wire amending a previous bid of $99.138.

This is a change in the offering from something like $99.138, which was the original bid, to $98½. This occurred within a day following the announcement of the conversion. We find that municipal institutions are already in trouble with their debentures because of the government announcement. The article goes on to say:

> City clerk H. D. Thain translated the amendment as a result of the policy set up in Ottawa.

These municipal building bonds carry an interest rate of 5.5 per cent and mature over a 20-year period. Here is a municipal council which within one day of the announcement of the conversion is faced with a problem in connection with its debentures, debentures which bear 5.5 per cent interest and are for a 20-year period. They rightly lay the trouble on the doorstep of the Minister of Finance (Mr. Fleming) because of the increase in interest rates which has resulted from this conversion. Why should any investment organization put their money into other investments when they can buy government bonds? I feel this is going to have an adverse effect on municipal finances.

We only have to look at some of the municipalities on the outskirts of the city of Ottawa to realize that prior to this election they were in difficulty in trying to raise any type of municipal debenture. One of these municipalities is in very straitened financial circumstances at the moment. As a result of this conversion, many of these municipalities will have to pay at least one more per cent in interest rates. If the government was going to make this change, why did the Minister of Finance not say so when he was campaigning throughout the country? Why did he not say that we were going to raise the interest rate on our bonds, or that we were going to convert them on this large scale? This was not done, although it must have been in his mind, because the Canadian people would not have accepted it. The Minister of Finance, therefore, has not the same respect from the people that he had when he was campaigning before this matter came up.

I suggest this situation illustrates the need for the establishment in Canada of a national investment board. The time must have arrived by now when the Canadian people should not depend on Bay street and St. James street to decide what interest rates are going to be. On a number of occasions we have seen the Canadian people buy government bonds for various purposes. They have always done that. They did it during the war, and they did not need any full-page advertisements in all the newspapers across the country to urge them to do so. These advertisements must be costing anywhere from $50 to $50,000. I think that rather than be driven into these investments by pressure, by advertisements, we should set up a board which will decide where our investments need to be made, and the type of investment for which money is available. We should not be governed by stock manipulations and by other transactions that take place on Bay street or St. James street. We should not be guided by these things in our financial program. I think, therefore, the Minister of Finance has lost touch with the Canadian people and now is the time for a new Minister of Finance. I strongly suggest it.

Mr. Howard: I just want to deal with this question that has been raised as it relates probably more particularly to the province of British Columbia and more generally to provincial governments as a whole across the nation and to the effect that it will have on projects of those governments and on projects planned by various municipal governments. I do not think there is any doubt—nor can the minister dispel that doubt regardless of how he many express himself—that this will have no other effect on the interest rates of municipalities and provinces who wish to borrow money for much needed public works projects than to increase those interest rates. We all know that maybe one per cent or one and a half per cent, the figure itself, may look rather small and may not mean very much; but over a long term period of 20 years or 25 years one per cent or one and a half per cent means a terrific additional burden on the taxpayers in those provinces and

municipalities when it comes to retiring that debt and paying the interest on it. I am sure that with this increased interest rate on borrowings that provincial governments and municipalities will have to undertake—unless of course the federal government is willing to step into the field of providing a revolving fund for such projects at decent interest rates—if municipalities and provinces step into them as they had intended to do, based on projects that have been on their books for some time, it will mean an additional burden. Either that, or in the light of the increased burden that it will mean to these provinces and municipalities, in the light of the extra money they will have to find to retire the debt and to pay vastly increased interest rates, they will curtail some of the projects they had in mind. This government should know, if it does not, that any curtailment on the part of provincial governments and municipalities at this time in the field of public works will not do our economy any good. The federal government should realize that fact if they do not.

I take just one instance as an example, that of the Columbia river development project which would mean so much to the province of British Columbia in terms of low-cost hydro electric energy. A conservative estimate—and I say that with a small "c"—puts the cost of this project somewhere in the neighbourhood of $300 million and well worth it, I believe, if we will enter into that project and develop it as a public power project. But a one and a half per cent increase in interest on it will mean no less than an additional—and I emphasize the word "additional"—$4½ million per year in interest rates which is the burden which will have to be borne by the taxpayers out there in British Columbia.

The Minister of Finance may know that we in British Columbia have not quite reached the stage where we can afford to have a full time minister of finance. We have one who couples his duties with those of the premier. That person, well known I am sure to the Minister of Finance here, has been travelling in many parts of British Columbia recently complaining most bitterly about this bond conversion program of the federal government.

Mr. Woolliams: Do you agree with Bennett?

Mr. Howard: About his complaints, and the attitude of this federal government?

Mr. Woolliams: Yes.

Mr. Howard: Yes; I do. This is one of the very few things I agree with him about. I will tell you something that our provincial government does that I do not agree with and I am sure this government does not agree with. In the process of the part time minister of finance that we have there travelling through the province complaining about this question or the effect this bond conversion program will have on the affairs of the province and relating the structure of that province's debt to the people of British Columbia he is not giving a correct picture. We know that Premier Bennett in his capacity of minister of finance is a great artist at juggling books, at keeping two sets of books in order to be able to present a fairly rosy picture to the general public there. From the attitude or approach of the present Minister of Finance for Canada I think he is probably taking lessons from finance minister Bennett in juggling books and in not giving to the general public a true account of the effect this bond conversion program or victory loan conversion program will have on the future economy of this country.

In British Columbia we are supposed to be able to retire all our debt completely within the next two years so that we shall be a debt-free province. Of course all of us who are from British Columbia know that that is not the truth. We know the approach of keeping two sets of books by our provincial government. We hope that this federal government is not going to enter into that sort of an arrangement in an effort to hide the true picture from the people of Canada. The dominion bureau of statistics of this government of Canada establishes the correct picture to the general public so far as the debt of the provinces are concerned and that we have two kinds of debt. We have a direct debt and we have an indirect debt. Regardless of how much some people may try to say that the indirect debt does not count and is not a true reflection of the indebtedness of the province, I submit that the situation is no different than that within a family if the wife goes to the store and buys a refrigerator on time, charges up as an indebtedness to that store may be $200 or $300 for the balance of payments on the refrigerator and then for the husband to turn around and say, "Oh, that is an indirect debt; I am not responsible for it". We all know full well who is going to pay for that refrigerator just as we all know of this indebtedness that is kept on separate sets of books, who is going to pay for that. British Columbia's direct and indirect debt totals more than $450 million at this time. That is a terrific indebtedness for one province to carry.

I notice, Mr. Chairman, that you are looking at me occasionally and wondering whether I am not wandering far afield in dealing with

that question of debt by the province of British Columbia. But I submit that I must do that in order to draw the relationship between the effect that this bond conversion program of the federal government will have on the province of British Columbia and on the bond projects that they had in mind. I submit that I must establish the complete and true picture of the total debt of that province in order to compare and to relate what the effect will be if we proceed and attempt to borrow money on the market inasmuch as we are already heavily in debt. That is all I am attempting to do in establishing that.

Mr. Browne (St. John's West): I was going to ask the hon. member whether the premier of British Columbia did not say the day before yesterday that next year he expected that his public debt would be paid off.

Mr. Howard: Far be it for me to try to explain what the premier of British Columbia means, but that is precisely the point I am making. We have two types of debt. We have the debt kept on one set of books which is classified by the premier of that province as direct debt. Then we have debt on the other set of books which he classifies as indirect debt. The reference to retiring the debt relates only to one small amount in one set of books which is indicated in the dominion bureau of statistics publication entitled, "Financial Statistics of Provincial Governments for the fiscal year ended March 31, 1958,, funded debt, direct and indirect." It is indicated in that publication the difference in British Columbia between the direct debt and the indirect debt and shows that the direct net funded debt after deducting the sinking fund amounts is $86,482,000 and that the indirect funded debt, after deducting sinking fund amounts is a total of $382,161,000. I submit that Premier Bennett's comments as they related to retiring the debt completely applied only to that portion which is classified as direct debt and did not apply to this second set of books that he keeps out there.

We then have in British Columbia a province heavily in debt to begin with, a province which I think has hopes of expanding into public works projects, a province which will have to borrow additional money for those projects and will set them up on the second set of books so that the general public does not really know what is going on. However, the people who lend them the money, the finance houses and bond dealers, know what is the debt position so far as British Columbia is concerned and they also know the ability of the people of that province to pay. Looking at the tremendous debt we have at the present time in that province, direct and indirect, and comparing it with the added interest rate which will occur out of this bond conversion program, the province and the municipalities of that province are going to have a great deal of difficulty in borrowing the money they need in order to proceed with the projects they have had on their books for some time.

A 1½ per cent increase in the interest rate, which is a very, very conservative estimate, will mean an additional $7 million per year in interest rates to that province and I submit that to be entering into this program will be placing an additional tax burden on the people. There are, of course, other ways of dealing with the finances of this nation but I am sure my friend the Minister of Finance will want to consider only the tried and true methods of his party and of the previous government and will not wish to get into other methods of dealing with the finances of Canada but will do nothing but lay an additional tax burden upon our people.

An hon. Member: We have heard all that before.

Mr. Howard: Yes, you have heard it all before and you will hear it again. If you are sick and tired of hearing it already I am sure the people about whom I am talking like to know that you are getting sick and tired of listening to the fact that they are going to have to pay more taxes because of the ineptitude of this government.

Mr. Pallett: You are the past master of ineptitudes.

Mr. Howard: I say to the Minister of Finance, do not enter into the field of juggling the books in the way we have witnessed in the province of British Columbia; do not hide the facts from the public; make a clean breast of it and tell the public what will be the effect of this conversion program on the general public of Canada, in particular on the provinces and municipalities.

Mr. Regier: I hesitated for a moment because I thought the Minister of Finance would surely have something to say by now. I cannot, however, let his interim supply resolution go through without making some further effort to elicit a little information from him.

I can assure the minister that the recommendation made to him by the hon. member for Timiskaming that he answer some of these very, very serious charges which have been made should be seriously considered or that the minister should leave his office. As the minister knows, the implications of what he has been engaged in since the introduction of his budget into this house are

of such significance that they will affect every individual Canadian and I must ask the minister at this time a number of questions.

Firstly, why was this announcement not made part of his budget presented to the house on June 17 last? I am sure that the minister should have had, even if he did not have, some thoughts on what was the rating of the Canadian government on the money markets of this country and of the world when he made his address in presenting his budget. Why was nothing said and no inkling given that a major portion, if not the major portion of our entire national public debt was going to be refinanced? If he had done this on June 17 this House of Commons would have been given a clear eight days in which to consider all the implications of the announcement but, no, nothing was said at the time of the budget. There was rather a simple announcement made without warning which caught the members of the opposition completely off guard because it was so unheard of and so unprecedented. They reserved their judgment at the time, at least my house leader did, when he said that he would first have to look at the terms of the announcement. I ask the minister how much money is the government going to spend? This very much relates to the present interim supply bill.

I would also like to know how much is the publicity in connection with this conversion deal going to cost the Canadian taxpayers? The minister has not explained, either at the time of or since the announcement, why he has chosen to offer non-callable bonds at an exceptionally high rate of interest rather than callable bonds. What assurance has the minister that eight or nine months hence money rates will not be exceedingly low and that we will not be tied, with respect to roughly half our national public debt, to this exorbitant 4½ per cent interest rate? Why did he make it a non-callable deal? Why has the minister no answer? He was very lavish yesterday in using such terms as "Rubbish" and "Rot", and I do not know what was the rest of it. What is the percentage of these bonds which are held by individuals as individuals? The minister has not given any indication of that.

The effect of this deal on public enterprises in the dominion has been indicated by several members who have already spoken. The implications on even such a relatively small undertaking, finance-wise, as the South Saskatchewan river dam, is that the minister by his announcement has added to the annual carrying charge of the cost of that dam no less than $3 million, which is going to put a very heavy burden indeed upon a population of less than one million in the province of Saskatchewan.

If the minister was really in difficulty, and I am the first to admit that maybe he had no other way out—maybe he was forced to adopt this method—why then did he not take the people of Canada into his confidence and appeal to them rather than kowtow to the dictates of the money lenders in this country? We have won wars before and have emerged from those wars in a better financial position than when the wars began simply because the government of the day appealed to the people in the national interest. If the Minister of Finance had really found that he was being dictated to or that any attempt of that kind was being made, why did he not resort to an appeal to the people of Canada to help him out? I am sure the people would have responded equally well to an appeal to help this government win the peace as they have on several occasions responded to appeals to help their governments win wars.

An hon. Member: What is he doing now?

Mr. Regier: No, the Minister of Finance did not appeal to the people of Canada to help him out of the difficulty in which he found himself. He saw fit to kowtow to the dictates of the money lenders of this nation. The Minister of Finance is attempting to brush all this off as irresponsible. May I refer him to the *Financial Post* of July 19 last? In it there is an article which says that the $6.4 billion conversion loan which the government announced could, first of all, start a new round of inflation. I pointed this out last night. Secondly, it could raise borrowing costs for everybody, and I mentioned that this is what is happening right now. Third, it could weaken bond and stock prices. I agree that has already happened, and that it is going to happen during the weeks and months ahead. Fourthly, says this article, it will strengthen our dollar, making imports cheaper and exports less profitable.

This is at the hands of the government which was going to overcome our unfavourable trade balance. They have, by this one action alone, taken a very significant move toward raising the premium on the Canadian dollar, thereby encouraging imports into Canada, adding to unemployment in Canada and reducing our exports. The fifth point put forward in this article claims it will bring about higher taxes, and there is no doubt at all about that, because all our levels of government must pay higher rates of interest. There is only one source of this interest money; it will have to be found by raising

the taxation levels of the Canadian people. The concluding paragraph of this article states:

> The terms of this new conversion loan make it unlikely that Canadians will receive any tax reductions in the near future.

To show further that we are not alone, the hon. member for Skeena has already indicated that the premier of British Columbia is out on a campaign and has soundly and roundly condemned this action by the Minister of Finance in his bond conversion plan.

I have here a Canadian Press dispatch from Saskatoon which appeared in the Moose Jaw *Times-Herald* of July 19 indicating what the provincial treasurer of Saskatchewan has to say about it. He says:

> All benefits of the scheme will go to the banks and investment houses which hold most of the old victory bonds.

The report continues:

> Mr. Fines said the higher interest rates the federal government promised on its new bonds in return for the old ones will force up capital interest costs throughout the country.

Well, that is happening right at this moment. I have quotations here from various other financial analysts in the dominion, but I do not think I need place them all on record. I am sure the Minister of Finance has been watching them from day to day.

The minister has several times attempted to indicate on the orders of the day that his bond conversion plan is not going to cause a rise in interest rates. If this is the case, and if this is not a handout may I ask him this: why was it that on the morning after his announcement Canadian government bonds rose on the stock market by a fantastic amount? I have one excerpt here, in particular, which indicates what I mean. I understand from this particular article that some Canadian government bonds rose as much as $4.50 on a $100 bond. This very clearly shows that the minister's valuation of what the new interest rate ought to be was not realistic; in other words, that it was a handout, otherwise folks would not have been prepared to pay $4.50 more on the morning after the minister's announcement than they would have been prepared to pay the day before.

Again in the *Financial Post* of July 19 is further support for the contention I am putting forward. It says:

> Just before the announcement was made of the Canada conversion loan, Canada 3¼ per cent bonds due October 1, 1979, were selling to yield 3.88 per cent. A United States treasury bond of comparable interest and maturity yielded 3.26 per cent.

Note that our bonds were already yielding .62 per cent more than United States bonds. Then it goes on to say:

> Tuesday, the Canada 3¼'s of '79 went to 3.92 per cent yield.

[Mr. Regier.]

The minister's action has had yet other influences. It is going to encourage more foreign investment in Canada, especially United States investment, and that is going to accentuate the problem that this Conservative party said it was going to meet if it was given a chance to form a government. Raising interest rates and thereby extending an open invitation to more foreign capital with its effect on our high cost economy and the valuation of the Canadian dollar is certainly not one of the the ways to meet this problem. I also submit that this action of the government has seriously affected the desire of Canadians to invest in Canadian enterprise insamuch as it has lessened the value of Canadian investment in Canadian industry. There always has to remain a fairly comfortable margin between the yield on stocks and the yield on government bonds. If the government guarantees for a 25-year period a return of 4½ per cent the minister cannot expect Canadians to be very interested in investing their money in Canadian industrial enterprises which may earn only a very little more than that guaranteed 4½ per cent. I feel the minister has done serious harm to the future industrial expansion of the Canadian economy by the action he has taken.

The steps he has taken have had a depressing effect on the Canadian stock market. For instance, to consider one particular case, the British Columbia public utilities commission was recently authorized a 9 per cent increase—I believe that was the figure—on the tariff that might be charged for hydro power in British Columbia. In normal circumstances this would have caused shares in British Columbia Power to have risen immediately on the market. They would normally have risen quite substantially. However, almost simultaneous with the announcement that they were able to collect 9 per cent more for their power came the announcement by the Minister of Finance with regard to this almost unheard of guaranteed interest rate on federal government bonds, and as a result there was no noticeable difference whatsoever in the price of the shares of the British Columbia power corporation.

All the crocodile tears which the minister used to shed while in opposition on behalf of municipal government are now to be seen for what they are. How he threw out his chest the other day at the time of the budget when he announced that his amendments to the excise tax act were going to relieve municipalities to the extent of $5 million. In my estimation he has by this move added a burden of $45 million to the shoulders of

the municipalities, and I am being conservative in that calculation, allowing for only a rise of only 1½ per cent in the charges the municipalities will have to pay on their debts.

The Minister of Finance said last night that my statements were extremely harmful and mischievous. I can assure the minister that I am fully aware of the fact that he has already successfully converted over half of the bonds he wishes to convert and I am not advising individual Canadian citizens to hang on to their victory bonds. I know these bonds are being called in and any Canadian who holds his bonds beyond the beginning of September ceases to receive interest on them. The minister should know that all hon. members in this house are advising all Canadians who hold victory bonds to take advantage of this offer and I believe that any Canadian who has a victory bond will accept that advice not wanting to lose any interest earnings.

If the minister thinks this is rubbish, to use the word he employed in referring to my remarks last evening, I can assure him that the provincial debt of the province of British Columbia is so high that the extra $7 million we shall have to pay on our public debt is not going to be lightly taken. That money is sufficient to buy annually for us 350 additional new class rooms and a new 350-bed hospital. These are things on which we would much rather be spending our tax money than on higher interest rates. I fail to see how the minister thinks he can get away with labelling the statement of these facts as utterly ridiculous, harmful, mischievous, rubbish and so on.

Even if the Minister of Finance does not yet understand the significance of the bond conversion deal the Minister of Public Works does. A few days ago I asked the Minister of Public Works, whereas interest rates under the National Housing Act are allied to interest rates on long-term government bonds, if the Minister of Public Works would assure the house and the country that there would be no immediate increase in interest rates chargeable under the National Housing Act. The Minister of Public Works knew immediately what I was talking about. He did not see fit to label it as rubbish. He assured us that the government was not considering allowing any increase in interest rates on individual homes purchased under the act. There are many institutions of government engaged in the business of lending money to the Canadian people including Central Mortgage and Housing Corporation and the Canadian Farm Loan Board to name but two and there are countless other ways in which the Canadian people can take advantage of government guaranteed loans. All of these loans by law of the land are attached and allied to the interest rates on long-term government borrowing. I wish the Minister of Finance would assure the house that as long as there is a Conservative government in office the interest rates charged by these various government agencies will not be raised thus placing an additional burden on the average Canadian citizen.

I feel that the Minister of Finance was most unwise in not announcing this deal at the time of the budget. I do not yet understand why he did not do so at that time and unless the minister explains this we can come to only one conclusion. When the minister announces to the people of Canada he is going to borrow $3,400 million and only a few weeks later tells us he is now borrowing $6,400 million, he was converting bonds that were not to mature for several years and the only conclusion we can come to is that when he went to Montreal and Toronto and attempted to borrow $3,400 million he was told what he had to do and that was that he would have to pay off those institutions that had helped the Conservative party in the past.

Mr. Chevrier: Mr. Chairman, I rise to speak briefly on this resolution. The minister has indicated it is an urgent one and I certainly am not going to hold it up because I believe it is of a pressing nature and that this matter should be passed without delay. However, in view of the matters that have been raised by my hon. friends to the extreme right of us and to the immediate left of the Speaker which are of great importance to us on this side of the house, I think I should say at this stage that we do not propose to discuss it now other than to reiterate what has already been said by some of our members that the matter is of extreme importance.

We believe that the discussion of this subject relating to the reconversion of bonds should take place on another occasion and we also believe that there is more than one occasion upon which the subject can be discussed. There are other reasons, too, why I do not propose to debate the question now. I simply wanted to put our position on the record so that it may be known that as soon as another opportunity arises, perhaps during the discussion of the estimates of the Minister of Finance, we do propose to enter into a discussion of this matter.

The Deputy Chairman: Shall the resolution carry?

Mr. Howard: Mr. Chairman, there have been a number of suggestions and criticisms presented this afternoon to the Minister of Finance with respect to this matter. I wonder if this would not be an appropriate time for the minister to make some comment on them because in my opinion they were certainly far-reaching enough not to be accepted silently.

The Deputy Chairman: Shall the resolution carry?

Mr. Howard: I take it that the minister would then accept the criticisms as being valid?

Motion agreed to.

Resolution reported and concurred in.

WAYS AND MEANS

The house in committee of ways and means, Mr. Rea in the chair.

INTERIM SUPPLY

Mr. Fleming (Eglinton) moved:

Resolved, that towards making good the supply granted to Her Majesty on account of certain expenses of the public service for the fiscal year ending March 31, 1959, the sum of $615,999,671.59 be granted out of the consolidated revenue fund of Canada, as set forth in the resolution concurred in this day in the committee of supply.

Motion agreed to.

Resolution reported and concurred in.

Mr. Fleming (Eglinton) thereupon moved for leave to introduce Bill No. C-46, for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1959.

Motion agreed to and bill read the first time.

Mr. Speaker: When shall the bill be read a second time? Now, by unanimous consent?

Some hon. Members: Agreed.

Mr. Fleming (Eglinton) moved the second reading of the bill.

Mr. G. J. McIlraith (Ottawa West): Mr. Speaker, by this bill the House of Commons is being asked to provide a very large sum of money to provide for the public service of Canada for approximately the next two months. It is the historic right of the house at every stage in voting supply and appropriating public money to air grievances and to seek redress of injustices. Within the last two weeks the official opposition in committee of supply have attempted to secure certain information concerning the injustices being carried out by the government against certain Canadian citizens. The injustices to which I refer are exemplified in the action of the government in the Walter Mitchell case. So that there will be no doubt in anyone's mind as to what I propose to raise I may tell the house that I know nothing about the Mitchell case other than what appears on the records of the official debates of this house.

What I am concerned with here is not primarily the question as to whether or not Mr. Mitchell should have been dismissed. I do not propose to rehash that subject. But what I am concerned with at this stage and what I should like to bring to the attention of the house again, Mr. Speaker, is the injustice done to any man who is accused of having committed a crime by a minister of the crown without being given an opportunity to be heard before any impartial tribunal whatever and without the minister who accused the citizen of having committed the crime producing any evidence to the house to support the criminal charges that he has made against the citizen.

It is simply a case of the minister being accuser, private tribunal and the person making the conviction without a hearing, without adducing any evidence to the house and without applying any of the elementary principles of justice which we so appreciate in this country and which were inherited from the mother country. I could elaborate at some length on the principles involved, about a man being found guilty and convicted without trial, about a man being accused and convicted without the charges against him being told to him. One could elaborate a great deal on that but at this stage of the bill when the minister, I know, is anxious to have the bill dealt with quickly, I will not digress because I have enough appreciation of the minister's knowledge as a practising lawyer to know that he understands those principles even while I am criticizing him and the government sharply for not having adhered to them.

It seems to me that surely the Canadian parliament has not come to a point in its existence where we can be asked to vote supply to a government which will so violate those elementary principles of justice as is inherent in the stand taken by the Minister of Agriculture in the particular case to which I referred earlier. Under our system, since we have collective responsibility of the ministry, the whole government must stand convicted by that action of the Minister of Agriculture.

Now, Mr. Speaker, without saying more, having put the matter before the house, I intend to do what we have the right to do under the rules, namely move an amendment to the motion for second reading which would, if accepted by the house, have the effect of delaying the passage of this bill until justice has been provided for. We have no desire, as I said earlier, to rehash and

revise the detailed debate on the estimates of the Minister of Agriculture which took place a few days ago, but we are desirous to insist that justice be done to citizens and that a minister of the crown can no longer accuse and convict persons of criminal offences without trial. The accusations of the minister concerned were accusations that this citizen had committed criminal offences. I would like to get the verdict of the house on this question. I therefore, move, seconded by the hon. member for Levis (Mr. Bourget):

That this bill be not read a second time until the government has disclosed to the house the precise nature of the accusations and the evidence and has undertaken to make provision for an impartial hearing in cases of public servants accused by it of criminal offences for which they have not been tried or convicted in a court of justice.

Mr. Speaker: Has the hon. member any authority for an amendment of this kind which is unconnected with the bill?

Mr. McIlraith: I think I can refer you briefly to the citation used the other night on the excise tax bill, namely citation 382 in the fourth edition of Beauchesne's Parliamentary Rules and Forms. I would remind Your Honour that this is a supply motion voting supply for all the government's administration and the amendment states a grievance dealing precisely with the action of the government and merely delays supply until the government makes provision for the removal of an injustice.

Hon. Lionel Chevrier (Laurier): If I may be allowed to say a word, Mr. Speaker, there is a broad principle in this connection that there should be no supply granted to Her Majesty without redress, and this is the occasion upon which our redress can be obtained. The amendment which is being moved is similar in character to that which was moved on July 30 last to the Excise Tax Act, which amendment was declared in order by Your Honour. The authority for this amendment is based on citation 382, as already indicated by the hon. member for Ottawa West (Mr. McIlraith). This citation reads:

It is also competent to a member who desires to place on record any special reasons for not agreeing to the second reading of a bill, to move as an amendment to the question, a resolution declaratory of some principle adverse to, or differing from, the principles, policy, or provisions of the bill, or expressing opinions as to any circumstances connected with its introduction, or prosecution; or otherwise opposed to its progress; or seeking further information in relation to the bill by committees, commissioners, the production of papers or other evidence or the opinion of judges.

This is exactly what this amendment seeks in connection with the bill which is now before the house, that the bill should not now be read a second time until the government has disclosed the details of certain accusations and the evidence in connection with those accusations. The amendment goes on in that vein which, I submit to you with deference, sir, is entirely within the four corners of this citation. As a matter of fact, I think the citation here is much broader than the scope of the amendment and for that reason it would seem to me it is quite in order.

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, perhaps it is unnecessary for me to repeat to you the argument I made on the occasion to which the hon. member for Laurier (Mr. Chevrier) has just referred, namely July 30. I submit to you that most of the arguments which I directed to showing the amendment on that occasion was out of order apply here as well. It is not open to me to take issue with the ruling you made on that occasion. I say, with great respect, that I did not share your opinion on that occasion, but that is not the point now. The point is that the grounds I argued on that occasion as to relevancy it seems to me have equal application here if you do not consider yourself bound by the ruling you made on July 30, on which the discussion is to be found on pages 2864 and following of *Hansard*.

Mr. Speaker: This bill, as hon. members are aware, is for the granting to Her Majesty of certain sums of money for the public service for the financial year ending March 31, 1959. We are on second reading of that bill, and it is a debate on the principle of the bill. The circumstances surrounding this proposed amendment are quite different from those which surrounded the amendment to which the hon. member for Laurier (Mr. Chevrier) has referred. On that occasion there was a motion for second reading of a bill to amend the Excise Tax Act, and the principle which it has sought to declare by the amendment related to the subject matter of the bill. But today, I am asked to accept an amendment which, it is true, declares a principle but it is quite unrelated to the bill.

The bill is one for granting money. The principle declared in the amendment has to do with the treatment of public servants. Unless, as the hon. member for Ottawa West said, grievances which may be presented and should be dealt with before the house grants supply, can be purged at any stage of the proceedings for supply, I would think that this amendment is out of order. I am testing the amendment on the basis of the normal principles that apply to an amendment on second reading, notwithstanding that it is a money bill. If there is any different consideration that applies in the case of a money

bill, and which would change my view, I should like to have the authorities now before I come to a final conclusion.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, it has been an historical principle of British and Canadian constitutional practice that supply should not be granted until redress has been given or at least requested in connection with any incidents that may be brought before the house. In this bill we are asked by Her Majesty's ministers to grant supply. We are suggesting that the conduct of Her Majesty's ministers in respect of the matter of this amendment has been such that we should not grant supply until this conduct has been corrected. This is a hallowed provision of our constitution that grievances should be corrected before supply is granted. We are basing our amendment on that provision that there should be no supply granted without redress as well as on the rule cited by my hon. friend. We are asking for redress in connection with the conduct of Her Majesty's ministers, and we think that this matter should be decided before supply is granted.

Mr. Fleming (Eglinton): With respect, I think the Leader of the Opposition (Mr. Pearson) has missed the point. Certainly, when the government asks the house to vote supply it is within the right of any hon. member to air a grievance; that is an undoubted and established right of a member of the house. This right has been exercised by the hon. member for Ottawa West this afternoon. However, that is a very different matter from moving an amendment to the second reading of a supply bill. I believe that is the point the Leader of the Opposition has completely missed. Grievances may be aired, but there is nothing, in my respectful submission, that takes a motion of this kind out of the ordinary rules by which the validity of an amendment to second reading of the bill should be tested. There is nothing in that respect to put this type of bill in a different class from any other bill.

The rules in regard to those amendments that may be offered to motions for second reading of a bill are well known, and the grounds are very narrow, Mr. Speaker. Unless this particular motion can comply with these well established rules, then this amendment can derive no higher virtue because of the fact it is related to a grievance. The airing of grievances is a very different matter from the moving of amendments to a motion for the second reading of a bill.

Mr. Pickersgill: May I just add one word on the point raised by the Minister of Finance? It does seem to me the minister is, of course, right that the grievance of one member should not stop supply. What we are asking to do here is something which it is impossible to do in committee of supply. We are simply seeking the verdict of the house on this grievance. This would seem to be the only stage at which we could do that. It would also seem that this motion is declaratory of some principle adverse to, or differing from, the principles, policy, or provisions of the bill, or expressing opinions as to any circumstances connected with its introduction, or prosecution; or otherwise opposed to its progress.

We are expressing our view, not that the bill should not pass but that it should not pass at this stage. Its progress should be delayed, just as we asked the other day, until a verdict of the house has been taken on the proposition put forward by the hon. member for Ottawa West. There would not appear to have been any other stage at which the sense of the house could be taken, and that is what my leader referred to when he referred to the airing of grievances. If the house will not support the hon. member for Ottawa West, then the government gets its supply.

Mr. Speaker: I thank hon. members for assisting me in connection with this rather interesting proposition which the hon. member for Ottawa West has raised. It is quite true it is an historic privilege of the house to present its grievances and complaints against the conduct of the government, and ask for redress, before granting funds. But there is ample opportunity for doing so. In fact, we have a rule which provides for six motions to go into committee of supply which are precisely devoted to the airing of grievances. I have not been given any authority which would warrant me accepting the proposition that the rule of relevancy is different for second reading of a money bill than it is on any other bill.

I consider this amendment to be irrelevant and consequently rule it out of order. Is it the pleasure of the house to adopt the motion?

Mr. Fisher: Mr. Speaker, I believe at this time it is possible to raise general grievances and since the schedule covers—

Mr. Speaker: Order. May I set the hon. member right. We are on the second reading of the bill and it is relevant only to deal with the principle of the bill.

Mr. Fisher: Mr. Speaker, I shall be only too pleased to raise the grievance when we go into committee.

Mr. Speaker: Is it the pleasure of the house to adopt the motion?

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

Clauses 1 to 4 inclusive agreed to.

Schedules A and B agreed to.

On schedule C:

Mr. Fisher: Under schedule C we have an item for legislation in the House of Commons. The item gives me an opportunity to make some remarks upon the suggestions that were raised in the House of Commons the other day by the Prime Minister in relation to prospective changes in what might be called the make-up of the chamber. I just wanted at this time to express some of the difficulties I think these changes will create. For one thing, if we turn the chamber into one like the British have with benches, there will need to be a great reduction in the size of this chamber; that is if we are going to keep it in relation to the British example. I should like all members of all parties, before they become too enthusiastic about this idea of the Prime Minister, to think about the relative discomfort of the benches. Any of you who have been in Westminster and have observed the activities in the British House of Commons will recognize that their attendance in the House of Commons is no better than ours, if as good; that it is only on major debates that you get a crowd; that ordinarily there is a mere handful in the house. Despite all the reverence that many people feel toward the mother of parliaments, I would suggest that in many ways they do a rather different kind of work than is done by the members of the House of Commons in this particular country.

Furthermore, one of the marked differences between the British House of Commons and the Canadian House of Commons stems from their whole parliamentary set-up. The next step which the Prime Minister may be suggesting is to cut us out from any offices because in Britain they do not happen to have offices. About the only thing a British member of parliament has is a little locker to hang his hat in. If he wants to interview any constituents, he does so out in the corridors, in the lobbies or in the public rooms. You can let this love for British tradition and British set-up take us a little too far. I should not like to suggest by these criticisms of the British system as they relate to Canada that I think their system is wrong. I think it is fine for them. It suits their particular kind of country which has a unitary form of government that is highly centralized, and in which the centre of the government is so close to the people in terms of distance and time. But I would suggest that in our country our terms are very much different.

But on the main point of the Prime Minister with regard to introducing benches, I should like to point out again that benches are very uncomfortable and they lead to the display, as any of you who have watched proceedings in the British House of Commons will know, of a great deal of masculine leg. I would suggest it is much more undignified than what we Canadians are used to. I feel that we are very strong on dignity and decorum. If any of you have ever seen the exposed lower legs of Winston Churchill or some of the other gentlemen, you would recognize that it is not an aesthetic display at all. I do not feel that we need to go that far in order to do what the Prime Minister wants to achieve, that is to shorten the debates in this House of Commons. It was delightful of the Prime Minister, to suggest that the debates needed shortening, to admit that he was himself guilty of being prolix at times, but I do feel that before this idea gets very far at all, every one of us from a non-partisan point of view should go over it very carefully.

I would make this suggestion. It might apply to many of you and certainly would apply to myself. I would be uncomfortable in speaking if I did not know that I had something to lean on, something to prop myself up against. If I were exposed in a much smaller amphitheatre, more like a bull ring and closer to the swirl of battle, it might often mean that we would be closer to the Minister of Finance (Mr. Fleming) in a much reduced ring, and that with our rather different temperaments and different ideas of sportsmanship and gamesmanship from those which the British have it might lead to fisticuffs or something like that if we went too far in altering the chamber. So I just wanted to make the point that I think this is one change or suggested change or trial balloon in connection with the House of Commons that every member wants to be very careful about considering.

There is one other point that I wanted to make under schedule C. It has to do with mines and technical surveys, surveys and mapping branch. We were given assurance by the Minister of Mines and Technical Surveys (Mr. Comtois) last year, when his estimates were before the house, that every effort was made to see that there was not any overlapping between the provincial efforts in the geological mapping field and the federal efforts. Yet is was just several weeks ago that Mr. Rickaby, who is an official of the Ontario provincial government devoted to work in this field, came out with the statement that the crying need in this particular field was federal leadership to wipe

out what he called overlapping and a complete failure to get a plan. Mr. Rickaby made the same point as did Mr. Brown who works for Spartan Air Services before the Senate land use committee, that we have no plans at all for mapping our geological resources, not in a way that compares with what the Russians have already done. Both those gentlemen talked in terms of two and three decades behind the Russians. In the light of the minister's statement last year that there was not any overlapping and that there was consultation, I feel that this is one problem in connection with this particular department in connection with which we need a new approach and at which we need a new look.

One of the difficulties in connection with a geological survey, a land use survey or a forest aerial survey is that there is a great deal of overlapping. One of the most interesting developments in connection with the work is that now photographic interpretation experts can look at aerial photographs and not only draw conclusions about the stands of forests that may be there but from the stands of forests and the vegetation picture they can come to very definite conclusions about the type of soil and the whole environment. Because of this interrelationship of the geological aspect, the mineral aspect, the soil aspect and the forest aspect which fit in; and because our Department of Northern Affairs and National Resources is supporting by subsidy provincial efforts in this photographic field as far as forestry is concerned; and because each one of the provinces is undertaking geological surveys and aerial mapping and because our federal Department of Mines and Technical Surveys is doing that, it seems to me that we should have what Mr. Rickaby called for, namely a meeting of the minds involved and some attempt to give us a co-ordinated program that would finally lead to the kind of survey giving us the kind of information which we need for land use in Canada and which we do not have at the present time.

It seems to me that this kind of concrete program should have formed one prominent corner of the vision or, as the member for Essex East (Mr. Martin) would call it, the mosaic. In any event a corner of the mosaic should, I think, be a co-ordinated program related to mapping and geological survey work. This, in my opinion, would be most worth-while.

Schedule agreed to.

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

[Mr. Fisher.]

CANADIAN NATIONAL RAILWAYS

PROVISION FOR CAPITAL EXPENDITURES, ISSUE OF SECURITIES, ETC.

Hon. Donald M. Fleming (Minister of Finance) moved that the house go into committee to consider the following resolution:

That it is expedient to bring in a measure to authorize the Canadian National Railway Company to make capital expenditures in the year 1958 not exceeding $330,623,000 and to make certain capital expenditures and enter into certain contracts prior to July 1, 1959; to authorize the national company to issue securities to provide amounts required for the authorized expenditures; to provide that, except as expressly provided, the aggregate principal amount of securities outstanding at any time shall not exceed $307,493,000; to authorize the governor in council to guarantee the principal and interest of securities issued by the company for the purpose aforesaid; to authorize the Minister of Finance to make loans to the said company secured by such securities and not exceeding $307,493,000 in principal amount to enable the said company to meet such expenditures and with authority to give financial aid and assistance to other companies of the national system.

Motion agreed to and the house went into committee, Mr. Rea in the chair.

Mr. Fleming (Eglinton): Mr. Chairman, this resolution contemplates the introduction of a bill which is of an annual nature. As the house is aware, the Canadian National Railways borrow from the government to meet their financial requirements; they borrow to meet their capital budget requirements and in those years when they have need of financial assistance, to meet their operating budget they also borrow for that purpose from the government.

The capital budget is reviewed and passed on by the government as a matter of course, but all of these budgetary requirements of the Canadian National Railways, indeed all their affairs, are submitted to the house and for many years it has been the practice of the house to appoint a special committee to review the operations and the financial affairs of the Canadian National Railways system. It is an annual accounting to parliament. It is the equivalent in the procedures attaching to corporations that are not of a public nature to the annual shareholders' meeting.

At this session such a committee was appointed and it held meetings, lengthy meetings, on July 14 and 15 last. The president of the Canadian National Railways, Mr. Donald Gordon, and other officials of the Canadian National Railways, Canadian National (West Indies) Steamships Limited, and Trans-Canada Air Lines were present with representatives of the auditors of the system. They gave their testimony and answered questions covering the whole broad field of the operations of the associated companies. In

the course of those proceedings the committee also reviewed the budget of the company.

This bill follows, in accordance with the annual practice of the house, that review, that accounting from the company before the special committee. The bill itself, in accordance with the annual practice in such matters, covers the financial requirements of the company for the current calendar year of 1958. The fiscal year of the company is the calendar year, but because of the arrangement with respect to the sittings of parliament it is necessary in these bills also to make provision in advance for the estimated financial needs of the Canadian National system for the first six months of the following calendar year. Accordingly, this bill makes provision not only for the financial requirements for the year 1958 but also for the first six months of the calendar year 1959 of the Canadian National system.

The bill, as is indicated in this resolution, provides for authorizations, guarantees and loans; it also provides, although this is not part of the resolution, for the appointment of the auditors of the company.

As I indicated earlier this afternoon, there is very great urgency attached to this bill, and if it meets with the approval of the house, without asking any hon. member to curtail any of his rights, we hope that this house may be prepared to facilitate the passage of the measure through all stages today. That suggestion was put before the house last night by the leader of the house.

The reason is simply that because of the fact that the session is so much later than usual this year the bill is coming before the house somewhat later than normal according to the calendar, although it is well up in the business of the session in terms of the sessional calendar. It could not have been brought forward, of course, until the committee had completed its review of the needs of the Canadian National system for the funds which this bill will permit the Minister of Finance to loan to the company. It is extremely urgent at the present time—extremely urgent—that this bill be passed through all stages in both houses and receive royal assent not later than the first day of next week unless the company is to be compelled to resort to bank borrowing. This would not be desirable and I think the house will realize the urgency of the situation which I have endeavoured to put before the committee at this time.

The bill simply takes the usual form; it is a bill well established in form and purpose and the procedure followed with respect to the review and the consideration of the provisions of the budget by the special committee established by the house for that purpose is the established procedure. I trust that having regard to the fact that the need is urgent, that the procedure followed is a time honoured procedure, and that the form of the bill is the well established form of a bill that is annual, the committee will see fit to give it speedy passage.

Mr. Chevrier: Mr. Chairman, my remarks on this resolution will be brief. I agree with the first part of the minister's remarks, that this resolution precedes an annual bill to refinance the operations of the Canadian National Railways. It is true that following the usual practice after the establishment of the committee on railways and shipping in the House of Commons, that committee does hear evidence about the operations of the railway, and members of that committee are given the opportunity of considering, discussing and examining the witnesses who come before it.

However, I will point out to the committee that this is only one of the opportunities hon. members have of discussing matters concerning the Canadian National Railways. There are many other opportunities, and I am sure that those members on this side of the house who will wish to take advantage of those opportunities will propose not to do so on this occasion, and that is the reason why I find myself in complete disagreement with the minister in so far as the last part of his remarks are concerned.

Before I come to that, there are on this resolution, a number of things which I believe can usefully be discussed; the financial condition of the railway, the position in which it finds itself concerning the volume of traffic, the freight, which is declining to a marked and sharp degree, as was told us by the president of the railway during the hearings of the committee, the lay-offs of certain employees in the various shops from one part of the country to the other, pensions—as the hon. member for Kenora-Rainy River so well points out—an increase in which had been promised by the government when it was in opposition and during two election campaigns and so on. I might add that the Minister of Transport said the other day the government was still giving consideration to this matter, but no action has been taken.

I do not want to delay the passage of this resolution by discussing these matters, but I do want to object strenuously to this resolution and the bill which follows going through all stages at this time. We on this side of the house are going to protest that, and I will tell the hon. gentleman why.

Mr. Fleming (Eglinton): Of course, that could only be done by unanimous consent. The suggestion was made last night by the

leader of the house, but if the hon. gentleman is not willing, all we can hope to do today is to have the resolution reported and concurred in.

Mr. Chevrier: We are not willing, and I think the Minsiter of Finance should know why we are not willing. We are not willing because if this committee had been established at the time it should have been established it would not have been necessary to ask for the passage of this bill through all its various stages at this time. What I mean is this—and I say it with all respect to the Minister of Transport—I believe that on at least three occasions he told the president of the C.N.R. that a meeting would take place on such and such a date. The meeting never took place, perhaps because of reasons over which the Minister of Transport had no control or, perhaps, for reasons over which the government had no control. But certainly if that meeting had taken place at the proper time when it was first called these matters could have been given consideration and the bill would have gone through long before this day. That is one of the reasons why we on this side cannot consent to the passage of the bill through all its stages today.

Then, again, there is a very important reason, namely that some, nay many, of the activities and operations of the Canadian National Railway are likely to be discussed at the bill stage, so I do not want to present the appearance of trying to hold up the resolution. That is not my purpose. I realize that after the operations of the C.N.R. have been discussed in committee it is right that the annual bill should be passed thereafter, but on the other hand the advantage and the privilege of members of parliament are such that when any of the stages of a bill come before the house it is up to them to determine whether or not they will take part in the discussion. For that reason we on this side do not propose to allow the bill to go through all its stages at this time.

Mr. Fleming (Eglinton): Is the hon. gentleman agreeable that the resolution should pass today so that we can have the bill distributed tonight?

Mr. Chevrier: I do not think there will be any objection to that from this side.

Mr. Fisher: In connection with this resolution, one of the reasons we intended to discuss this matter was because of the evidence which was presented by Mr. Gordon before the committee, evidence which raised serious questions especially in connection with labour and, in particular, in relation to a statement that when central traffic control was established there was the possibility that the running trades would be reduced even further.

I think everyone in the House of Commons is aware of the difficulties which exist at the present time with regard to dispensing with the services of firemen on diesels. With the prospects of central traffic control it seems to me we are rushing very quickly into an extremely difficult labour problem, and we have a responsibility here to discuss this question and face up to it. It is about time the House of Commons gave some leadership rather than that it should again be presented with the spectacle of the Minister of Labour hopping around, I would say in a not too dignified fashion, in an attempt to avert a nationwide strike—efforts which would end up, in their final phase, in the Prime Minister's room. If any hon. members thought that the brotherhood of railway firemen have put up an effective fight and have raised a lot of issues—irrespective of whatever view one happens to take—I can assure hon. members that the brotherhood of railway trainmen is an even stronger and more formidable organization. What Mr. Gordon hinted at in his report spells labour trouble of as intensive a kind as we have had in Canada during the last few decades and for that reason the whole subject merits a great deal of discussion at the next stage of these proceedings.

Mr. Tucker: In Newfoundland we appreciate what the C.N.T. is doing to improve the telegraph service, and I should like to see the budget of the C.N.T. increased in order that it may further speed up and modernize the system.

Resolution reported and concurred in.

Mr. Fleming (Eglinton) thereupon moved for leave to introduce Bill No. C-47, to authorize the provision of moneys to meet certain capital expenditures of the Canadian National Railways system during the calendar year 1958, and to authorize the guarantee by Her Majesty of certain securities to be issued by the Canadian National Railway Company.

Motion agreed to and bill read the first time.

ESTATE TAX ACT

NEW BASIS FOR ASSESSMENT OF SUCCESSION DUTIES

Hon. Donald M. Fleming (Minister of Finance) moved that the house go into committee to consider Bill No. C-37, respecting the taxation of estates.

Motion agreed to and the house went into committee, Mr. Rea in the chair.

On clause 1—*Short title.*

Mr. Benidickson: Mr. Chairman, I was wondering if the minister would outline to the committee the changes that have been made as a result of the committee discussions.

Mr. Fleming (Eglinton): Mr. Chairman, I should not have thought that this was the point at which to attempt an outline of the various amendments that the committee on banking and commerce has proposed in the bill. There were actually about half a dozen of such amendments scattered throughout the bill. I can, if the committee wishes, indicate the amendments that were made. They are individual amendments to individual clauses of the bill and do not conform to any particular general pattern. Perhaps I could place the proposed changes on the record for the assistance of hon. members although I trust that hon. members have availed themselves of the opportunity of reviewing the proceedings before the banking and commerce committee which have now been printed and available for some days. The changes proposed by way of amendment are as follows:

1. Strike out line 35 on page 10 and substitute the following:

"the *War Veterans' Allowance Act* or section 64, 78 or 112"

2. Strike out line 19 on page 16 and substitute the following:

"38, be determined as provided in that section."

3. Strike out lines 39 and 40 on page 17 and substitute the following:

"(5) The minister may at any time assess tax, interest or penalties under this part or notify in writing any person by whom any return is filed that no amount is payable as tax under this part in respect of the death of the deceased, and may"

4. Strike out lines 1 to 6 on page 18 and substitute the following:

"(b) within four years from

(i) the date of an original assessment or notification that no amount is payable as tax under this part in respect of the death of the deceased, or

(ii) the date any property is disposed of under a disposition or agreement described in paragraph (1) of subsection (1) of section 3,

in any other case,

reassess or make additional assessments, or assess tax, interest or penalties under this part, as the circumstances require."

5. Strike out lines 19 to 21 on page 27 and substitute the following:

"that belonged at that time to the deceased shall, unless it is established that the deceased and such one or more other persons were persons dealing with each other at arm's length, be determined for the purposes of this part as though each such share so belonging to the deceased formed part of a group of shares"

6. Strike out lines 21 to 24 on page 32 and substitute the following:

"effected on the life of the deceased or payable under an annuity contract in respect of the death of the deceased, and any policy of insurance or annuity contract in which the deceased had an interest shall be deemed to be situated in the place"

7. Strike out line 39 on page 43 and substitute the following:

"(b) prescribing the nature of the evidence required to establish facts"

In addition, in reprinting Bill No. C-37 as passed by the House of Commons, a comma should be added after the word "guardian" in line 13 on page 46.

Those are the amendments that are recommended by the committee on banking and commerce. I should like to pay tribute to the committee for the very thorough work of review they did on this bill. The committee had extended sittings on the bill and did a very thorough, competent, and workmanlike legislative service in relation to the entire bill.

Mr. Benidickson: Mr. Chairman, as the minutes of the committee on banking and commerce will indicate, I took rather strong exception to what I thought was a too fast process in proceeding with the discussion of this bill without adequate knowledge among the people in the country who were concerned about the issues involved. I believe that as events developed my contention was not improper because only after we were concluding our deliberations did we receive from the outside public representations on the new bill, Bill No. C-37, that developed from Bill No. 248 which was so commendably presented to the public by the minister at the last session of the House of Commons.

I wish to say to the minister that my views as expressed as a member of the parliamentary committee on banking and commerce are all the more confirmed when I realize that last week if the minister felt that this had priority among his budget legislation he could have put it at the top of the list. He did not do so. He told the committee that this was a matter of urgent necessity. He said it was something that would have to go to the other house where public hearings were likely to take place and his excuse was that there was extreme urgency. I just remind hon. members of this committee that two or three weeks have gone by now and in the interim I have seen nothing that confirms the view of the minister about the urgency of debate on this particular subject in the parliamentary committee.

I protested the committee sitting a day or two after the presentation of the bill; I said that we were hasty. I protested that a great number of serious-thinking people across this land who had given time and thought to the former draft of the bill, Bill No. 248 of the 1958 session, did not know that we were seriously as a House of Commons considering the new draft. I attempted to make the point that while the Minister of Finance had said that he and his officials had looked over this situation very carefully at great length and had pondered it and were satisfied that this

was in the public interest, there were manifest amendments between Bill No. 248 which was presented and the bill we have now and I suggested that this indicated that public attitudes on a matter of this kind were worthy of consideration and should be welcomed.

Despite all those protests we hurried into a discussion in committee stage in the banking and commerce committee of the bill which was referred to the committee by the House of Commons. I still regret that situation. I think that so many suggestions could have been suggested to the minister after first reading was given to Bill No. 248 that he should have had equal respect for the opportunity of the public to look at and perhaps criticize his revised version which we now have before us. I know that this bill will go before the Senate committee. I just hope that they will not be so stultified in their thinking that they will refrain from listening to the people from outside who might tell us something about it.

The minister knows that those associated with him at the moment are the same people that I took great pride in having had some association with in the recent past. It is instinctive in my thinking that sometimes it is possible that simplification on the part of those drafting a bill means simplification for them and not necessarily for the general public.

This is the first session of a new parliament. Large numbers of the members of the banking and commerce committee had never before attended a meeting such as we were attending. I want to say that it gave me a great deal of delight and a thrill indeed to find that after—but this was too abrupt, too quick—certain presentations were made in this committee the new members of the House of Commons realized that they had a great opportunity on an occasion such as that to amend a bill such as the one we have before us now if, in their opinion, it was not necessarily in the public interest. I admire very sincerely the attitude taken by some of the members of the banking and commerce committee who had never sat on a committee of this kind before. They heard certain representations from reputable bodies which could not be quoted directly but had to be quoted by a member of the committee for the record in criticism of the view of the administration that simplification is of the essence. I admired particularly the attitude of some of the new members of the House of Commons when they recognized that under the new bill we have not got a definite discharge of liability for an executor. They rallied to the cause; they persuaded the minister that the bill was not perfect.

Mr. Fleming (Eglinton): I think my hon. friend will be fair enough to say that the minister was quite prepared to accept amendments, and did accept actually seven amendments, and offered some of them himself, by way of improvement of the bill.

Mr. Benidickson: Yes, that is perfectly true, Mr. Chairman, but it just confirms my point when I say that this bill was advanced to the committee stage in unseemly haste.

I want to say that the public at large was not aware that this was under discussion. At least even some members of the committee had not the opportunity to have criticisms of the new bill, although they had, of course, criticisms of the bill introduced in January.

Mr. Fleming (Eglinton): Will my hon. friend answer this question? What member of the committee did not have opportunity to criticize this bill in any way he chose?

Mr. McIlraith: Six o'clock.

Mr. Benidickson: My point is this. If the minister looks at the evidence of the banking and commerce committee,—this is just guesswork—if he looks at the representations that doubtless he has received in the last few days, as I have, he will find that many people did not know that the House of Commons was sitting in the committee stage to consider this bill and did not know anything about it.

Mr. Fleming (Eglinton): I have received some very high compliments from very high sources on this bill in the last few days.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I ask the house leader whether there is any change in the announcement of the business last night? Perhaps I should ask the hon. member for Essex East.

Mr. Martin (Essex East): The Minister of Public Works and I were having a conference.

Mr. Green: Tomorrow, Mr. Speaker, we shall commence with the second reading of the bill to provide for the capital expenditures of the Canadian National Railway Company; then, we shall take the estimates of the departments of justice, secretary of state and legislation.

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

ANSWER TO QUESTION

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

PETITIONS RESPECTING POSTMASTERSHIP, BAIE STE. ANNE, N.B.

Question No. 172—**Mr. McWilliam:**

Question

1. Has the government received petitions signed by postal patrons of Baie Ste. Anne, New Brunswick, requesting that no change be made in the postmastership of that office?

2. If so, what are the names of the person or persons who submitted the petitions?

3. Has the government taken any action in connection with the postmastership of this post office?

Answer by: **Hon. W. M. Hamilton (Postmaster General):**

1. Yes.

2. Harry T. Carroll, Baie Ste. Anne.

3. Yes—the appointment of Mrs. Rita Theriault has been authorized.

57071-3—200

HOUSE OF COMMONS

Thursday, August 7, 1958

The house met at 2.30 p.m.

SPEECH FROM THE THRONE

ACKNOWLEDGMENT OF ADDRESS IN REPLY

Mr. Speaker: I have the honour to inform the house that I have received a message from His Excellency the Governor General, signed by his own hand, reading as follows:

Government House,
Ottawa.
4th August, 1958.

Members of the House of Commons:

I have received with great pleasure the address that you have voted in reply to my speech at the opening of parliament. I thank you very sincerely.

Vincent Massey

RAILWAYS, CANALS AND TELEGRAPH LINES

Eighth report of standing committee on railways, canals and telegraph lines.—Mr. Fraser.

FINANCE

"CANADIAN ECONOMIC OUTLOOK FOR 1958"—FURTHER INQUIRIES OF MINISTRY

On the orders of the day:

Hon. Paul Martin (Essex East): May I ask the Minister of Trade and Commerce if he could tell the house whether or not the following quotation from an article published in the Ottawa *Journal* of August 4, written by Mr. James McCook, is without foundation. The article—

Mr. Speaker: Order. Yesterday I disapproved of a similar question. If the hon. member has a further question than that which he has asked it may be in order, but simply to ask a minister to verify the correctness of a quotation from a newspaper is not in order at this stage of the proceedings.

Mr. Martin (Essex East): I thank you for your very valuable and helpful correction, Mr. Speaker. Could the minister say whether or not his attention has been drawn to an article in the Ottawa *Journal* of August 4, which reads as follows:

Mr. Churchill told the *Journal* outside the house that he had taken only these steps when informed of the article published in Toronto:

1. Asked for the number of copies of the confidential report issued and the distribution list.

2. Asked for the names of those who prepared the report.

Some hon. Members: Question.

Mr. Speaker: Order. The hon. member has not modified his question. He has simply asked the minister whether his attention has been drawn to the article—

Mr. Martin (Essex East): May I ask the minister if his attention has been drawn to this article—

An hon. Member: That is the same thing.

Mr. Green: Mr. Speaker, this whole issue was dealt with in a debate on Monday and Tuesday of this week, and the hon. member for Essex East has no right whatever to raise it again on the orders of the day. This period is reserved for asking urgent questions. This is nothing of that kind; it is simply an attempt to follow up the debate concluded two days ago.

Mr. Martin (Essex East): On the point of order, Mr. Speaker, it is true that the general subject matter was discussed, but this is a report in a newspaper which appeared on the second day, and I am now asking the minister if his attention has been directed to this report, and I am also asking whether or not the investigation which was to be made, according to that report, has been made by him.

Some hon. Members: Order.

Mr. Speaker: The hon. member has not addressed himself to the point of order. He has modified his question, but as he asked it the second time I would consider it not to be an appropriate question. I do not say the hon. gentleman does not have the right to direct a question based on the report, but both the questions he asked were, in my opinion, not questions that should have been asked. Had the hon. gentleman asked whether a certain investigation referred to in the report had been carried out I would have considered that a proper question.

Mr. Martin (Essex East): Then I ask the minister whether the investigation referred to in the report has been carried out and whether he would advise the house of the result of his investigation to date?

Inquiries of the Ministry

Hon. Gordon Churchill (Minister of Trade and Commerce): I do not consider that that constitutes other than a routine inquiry I have made of my officials with regard to several confidential reports.

Mr. Martin (Essex East): Would the minister say what the result of that inquiry has been?

Mr. Churchill: I received the information for which I asked.

Hon. L. B. Pearson (Leader of the Opposition): Could the minister tell us what are the other confidential reports that he is investigating?

Mr. Churchill: I do not think I am obliged to inform the hon. member with regard to confidential reports from officials of the department which pass month by month over my desk.

Mr. Martin (Essex East): May I ask the minister if with regard to another portion of the interview he is in a position to advise the house of further steps the government is taking with regard to this important matter, as indicated by him in the interview as the government's intention to pursue?

Mr. Speaker: If the matter is to be pursued in this way I will have to consider it in the light of the objection taken by the Minister of Public Works, namely that this whole matter was the subject of a debate and an amendment which have been dealt with by the house, and unless there is something completely novel which was not included during the course of that debate I feel hon. members should not pursue the matter in the way they are now doing.

Mr. Hazen Argue (Assiniboia): I have a question which is based on a newspaper report which appeared in yesterday's Toronto *Star* and therefore, as Your Honour has suggested, it is subsequent to the debate. I am wondering whether the attention of the Minister of Trade and Commerce or of the Prime Minister has been drawn to what are stated to be further excerpts from "The Canadian Economic Outlook, 1958", as reported in the Toronto *Star* yesterday.

Some hon. Members: Order.

Mr. Argue: Has either minister—

Mr. Speaker: Order. While the newspaper report may be subsequent to the debate the subject matter is precisely the same, and I think what I said with respect to the question of the hon. member for Essex East relates to what the hon. member for Assiniboia has said. I would ask hon. members not to pursue this line of questioning unless they can convince me it is proper to reopen a matter which has been dealt with by the house. I ask hon. members if they wish to pursue the matter to address themselves to the point of order before asking any more questions.

Mr. Argue: With great respect, Mr. Speaker, when we questioned the Minister of Trade and Commerce about the original report by Mark Harrison the minister informed this house that there was not sufficient indication in the press report to inform the minister as to the document from which it might have been taken. Since this is a different press report, since it has been published in the newspaper, following the appearance of the other extracts, since it includes what it alleges are other and more substantial paragraphs from the report, I submit it is in order to ask the Minister of Trade and Commerce whether his attention has been drawn to this press report and whether or not the published excerpts purporting to be taken from a departmental report are sufficient to indicate to him that they are taken from "The Canadian Economic Outlook, 1958"; and I would direct that question to the minister.

Mr. Green: Mr. Speaker, I rise on a point of order. There was a debate in the house on Monday and Tuesday concerning a hypothetical report, shall I say.

Some hon. Members: Closure.

Mr. Green: This subject was debated from top to bottom, inside and outside, and the whole field was canvassed at that time.

Mr. Pearson: Not at all.

Mr. Green: Now my hon. friends across the way are attempting to come back and raise the same debate again, and furthermore they are seeking to conduct a cross-examination. Questions on orders of the day were never designed for cross-examination.

An hon. Member: Cry baby.

Mr. Green: I respectfully submit that the question the hon. member for Assiniboia is now attempting to ask is not in order.

Mr. Pearson: Mr. Speaker, on the point of order, the implication of the position taken by my hon. friend is that instalment after instalment purporting to come from this confidential report of the Department of Trade and Commerce could appear in the Toronto *Star*, to the point where we could read the whole report, yet we would be precluded from asking questions here to ascertain its accuracy or otherwise. Surely it is important, because of the subject matter of the report, that the accuracy of excerpts be established or denied. That is all we want to find out.

Mr. Argue: Mr. Speaker, I wonder if I may add another word on the point of order raised by the Minister of Public Works. As I understand the rule directed against raising a debate that was concluded, it is clear that hon. members cannot raise in a new debate something on which the house has taken a decision in a former debate. That is a very sensible ruling which we all agree should be maintained. But I would submit that is quite a different thing from raising a question on the orders of the day merely asking the Minister of Trade and Commerce a question about a press report which appeared subsequent to the date of the debate and which, as far as I have been able to ascertain, is completely new. I believe this question is in order, and the government would be doing itself credit if it answered the question forthwith instead of having hon. members on the government side of the house rising on points of order.

Some hon. Members: Order.

Mr. Speaker: As I understand the question which the hon. member for Assiniboia has asked it is whether or not a reported extract appearing in the *Star* on a date subsequent to the debate is true, or whether or not the extract as contained in the paper is a true copy of the document that was under consideration in that debate.

That question offends in two respects. It offends in the respect that it is simply asking the minister to verify a newspaper statement. That is all the question is asking. It is also reopening a matter which was discussed for two days in this house at very considerable length and in very considerable detail. This is not the time to engage in debate. A proper search for information as to what a minister has or has not done is in order, but these questions are not of that kind, and I rule them out of order.

Mr. Martin (Essex East): May I just make one comment on what you said, Mr. Speaker?

Some hon. Members: No.

Mr. Pearson: What are you so frightened about?

Mr. Martin (Essex East): I am simply pointing out to Your Honour, for whom I and all members of the house have the greatest respect, the implications of Your Honour's observations. The implications are so far-reaching that I wonder whether, in the face of the great interest in this matter on this side of the house, Your Honour would not want to consider the desirability of postponing possibly until tomorrow or another day the full implications of the ruling you have made; because it would mean, as my leader has said, that we on this side of the house could not ask of the treasury benches questions relating to a matter of such importance. We would be precluded from pursuing a line of questioning regarding a matter of such importance, and I would think that would raise a question involving fundamental rights of members of this house. I wonder whether Your Honour would not think in the circumstances that it would be desirable to act on the suggestion I have made.

Mr. Green: May I point out that Your Honour has already given a ruling on this question, and now the hon. member for Essex East is simply endeavouring to get into a position where he and his colleagues can go on asking questions of this kind day after day. I submit that in the first place he has no right to question Your Honour's ruling.

Mr. Speaker: I am sure the hon. member for Essex East is prepared to accept the ruling I have made, as he has indicated. As hon. members know, I have no desire to curtail in any way the right of members of the house to obtain information from the ministry. It will be my objective to maintain and enforce that right. We have disposed of the particular questions. I am not prejudging any issues that may arise again. In view of the feeling of the members of the opposition I shall look over the questions again and also confirm my own view about these particular questions. They are disposed of, and I hope hon. members will accept that as final.

CANADIAN PACIFIC STEAMSHIPS

BRITISH COLUMBIA—INQUIRY AS TO PROGRESS IN NEGOTIATIONS FOLLOWING LEGISLATION

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, may I direct a question to the Minister of Labour. Is the minister in a position to indicate to the house the progress of negotiations between the Canadian Pacific Railway and the three unions on the west coast as a result of the British Columbia Coast Steamship Service Act which we passed a few days ago?

Hon. Michael Starr (Minister of Labour): The only report I have, Mr. Speaker, is that a mediator is on the scene endeavouring to negotiate between the two parties, but no progress report has been submitted to me as yet.

THE SENATE

INQUIRY AS TO CONSIDERATION OF MEASURES FOR REFORM

On the orders of the day:

Mr. J. P. Deschatelets (Maisonneuve-Rosemont): Mr. Speaker, I should like to

direct a question to the Prime Minister. I am sorry I did not send him a previous notice, but he can take this as notice. Will the Prime Minister inform the house when he intends to implement his electoral promise to reform the Senate?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I must say I am glad to see the interest of the hon. gentleman in this subject. I realize that he has more than a personal interest in the reformation of that body.

THE MINISTRY

INQUIRY AS TO APPOINTMENT OF PARLIAMENTARY ASSISTANTS

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, inspired by feelings of the purest humanitarianism, may I ask the Prime Minister will he be in a position shortly to announce the appointment of parliamentary assistants?

Right Hon. J. G. Diefenbaker (Prime Minister): I think I have answered that question on a number of occasions, and in the case of my hon. friend I do not believe he is one of those who is interested.

FRUIT

NIAGARA PENINSULA—DISPOSAL OF SURPLUS CHERRIES

On the orders of the day:

Mr. W. H. McMillan (Welland): Mr. Speaker, I should like to direct a question to the Minister of Agriculture, of which I have given notice. According to a press dispatch the Niagara peninsula cherry growers have asked the provincial and federal governments to buy surplus cherries. They blame the surplus on the large quantity of imports from the United States. What action does the federal government intend to take in this matter, and why was there not a support price on cherries?

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, I thank the hon. gentleman for sending me notice of this question. No request has been received from the Niagara peninsula cherry growers or any other organization for assistance to cherry producers under the Agricultural Stabilization Act.

LIVESTOCK

ONTARIO—REPORTED OUTBREAK OF NEW DISEASE IN SWINE

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I have a question I should like to direct to the Minister of Agriculture. Would the minister care to comment on the reported outbreak of a new disease in Ontario swine? Can the minister say whether the disease has been diagnosed, to what extent it is prevalent, and what steps are being taken to control it?

Hon. D. S. Harkness (Minister of Agriculture): I thank the hon. member for notice of this question, particularly as it is of a technical nature. The swine disease to which the question refers was first reported in the fall of 1957. Since then both Department of Agriculture animal pathology laboratories and the Ontario Veterinary College have been engaged in research on it. It is a disease of young pigs, generally under 10 weeks of age. It resembles transmissible gastroenteritis of swine, but because of certain variations in the clinical symptoms it has been called vomiting and wasting disease of suckling pigs.

Research to date has not been successful in isolating the specific organism causing the disease. Study of the disease is being continued actively by the department and the veterinary college, both in the laboratories and in field investigation of reported outbreaks.

While the disease is serious and can result in a fairly high mortality in young pigs, investigations by veterinary staffs do not indicate that it has reached proportions which would have serious economic effects on the swine industry. Up to the present the condition appears to be confined to Ontario. When the disease has occurred in a herd, the surviving piglets and the nursing sows appear to develop immunity. There is no specific treatment known. Antibiotics seem to have little effect.

Mr. Argue: Has the government given consideration to the payment of compensation when there have been losses, or is it giving consideration to such payment in the event of an extension of the outbreak?

Mr. Harkness: No consideration has been given yet to that phase of the matter because, as I have said, the disease is not yet really widespread, and not sufficient is known about it to be able to come to any definite conclusions with regard to it.

IRRIGATION

SOUTH SASKATCHEWAN RIVER—REQUEST FOR TABLING OF AGREEMENT

On the orders of the day:

Mr. J. R. Tucker (Trinity-Conception): I should like to direct a question to the Minister of Agriculture, who is having quite a run of questions at the present time. Would the minister please advise if he is yet in a position to table a copy of the agreement

respecting the South Saskatchewan dam, which was signed on July 25?

Hon. D. S. Harkness (Minister of Agriculture): That agreement was tabled several days ago. I do not know the exact date, but it was several days ago. It was the day after the hon. gentleman asked the same question last week.

[*Later:*]

Mr. Harkness: With regard to the tabling of the agreement on the South Saskatchewan dam, may I say this. If the hon. member will look at *Votes and Proceedings* for Friday, August 1, at page 343 he will note therein under "Returns and Reports Deposited with the Clerk of the House" that the first is this agreement with Saskatchewan on the South Saskatchewan dam.

BUSINESS OF THE HOUSE

SLAUGHTERING OF ANIMALS—LEGISLATION THIS SESSION

On the orders of the day:

Mr. W. L. Houck (Niagara Falls): May I ask the Minister of Justice if he intends to carry through at this session his bill pertaining to the humane slaughtering of animals?

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, we are having a look at the legislative program to see what the position is in that regard.

GRAIN

DEFICIENCY PAYMENTS—REQUEST FOR STATEMENT BY PRIME MINISTER

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, during this session I have asked the Prime Minister and the Minister of Trade and Commerce on a number of occasions when the government would be in a position to make an announcement on deficiency payments. On July 31 the Prime Minister indicated that an announcement would be made at an early date. I am wondering whether the Prime Minister can say when the government will reach a final decision on the very important question of deficiency payments on western grain.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I can add nothing to what has already been said. The whole question of an agricultural program to meet the situation of agriculture in the western provinces as well as in other parts of Canada is still under full advisement.

I am hopeful, as I said recently on the occasion to which the hon. gentleman has made reference, that an announcement can be made and will be made before the end of this session. Further than that I do not want to go at this time.

TRADE

SEED GRAIN—EXCLUSION OF CANADA FROM U.S. MARKET

On the orders of the day:

Hon. Paul Martin (Essex East): May I ask the Minister of Trade and Commerce whether he is aware of the fact that the House of Representatives in Washington has passed a bill excluding Canada from the seed grain market in the United States, a market in which Canada sells several million bushels per year. If the minister's attention has been drawn to this measure, is he in a position to say what representations are being made by the government in the matter?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, I am having a report from my officials with regard to that matter. I am not at this moment prepared to make any further statement.

PUBLIC SERVICE

PREVAILING RATE EMPLOYEES—DEDUCTIONS FOR EARLY CLOSING DUE TO HEAT

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, the day before yesterday I directed a question to the Minister of Finance with respect to prevailing rate employees and whether or not he could arrange that there would be no deduction from their wages for absence when they were sent home owing to conditions of heat and humidity. The minister's answer was that he thought his answer on the previous occasion covered the matter. I wonder whether he has anything further to add.

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, on reviewing the answer I gave to the house on an earlier occasion I think the answer covered the question completely, but this aspect of the earnings of the employees was not included in the question. I am glad to deal with it now.

The conditions of employment of prevailing rate staffs, unlike those of classified civil servants, are determined by reference to the practice of good private employers. The treasury board and its advisory committee on prevailing rate staffs have found no evidence that good private employers release the equivalent of the prevailing rate employees of the public service from duty before normal closing hours on account of conditions of heat

or humidity. The prevailing rate employees' general regulations, which are founded on the general principles stated above, consequently make no provision for leave with pay for prevailing rate staffs in the public service of Canada when conditions of excessive heat or humidity lead the civil service commission to authorize the release of classified civil servants.

It may be observed that a majority of the prevailing rate employees of the public service, unlike classified civil servants, perform their duties out of doors, where the effects of heat and humidity are not ordinarily as oppressive as in the case of clerical staffs working in confined areas.

Mr. Howard: I have a supplementary question. Does the minister not think it would be wise, in view of the fact that there are apparently only a relatively small number of these people involved, to show the lead to private industry and treat prevailing rate employees in the same way that permanently appointed civil servants are treated?

CANADIAN NATIONAL RAILWAYS

PROVISION FOR CAPITAL EXPENDITURES, ISSUE OF SECURITIES, ETC.

Hon. Donald M. Fleming (Minister of Finance) moved the second reading of Bill No. C-47, to authorize the provision of moneys to meet certain capital expenditures of the Canadian National Railways system during the calendar year 1958, and to authorize the guarantee by Her Majesty of certain securities to be issued by the Canadian National Railway Company.

Mr. Speaker: Is it the pleasure of the house to adopt the motion?

Mr. C. R. Granger (Grand Falls-White Bay-Labrador): Mr. Speaker, I should like to say a few words in connection with this matter. I hope that sufficient funds are supplied so that one class of employees of the C.N.R.—and I refer to the employees of Canadian National Telegraphs in many Newfoundland communities—may receive better salaries.

An hon. Member: Speak up.

Mr. Granger: It is quite notorious that many of these operators who must put in a week of 48 hours receive very small salaries. There are many instances of extremely low salaries which may be quoted.

An hon. Member: We cannot hear.

Mr. Speaker: Order. Before the hon. member goes too far may I say that I think perhaps we should try to confine our remarks to the scope of this bill. We are on second reading, which involves the principle of the bill. It is a bill to provide moneys to meet certain capital expenditures of the Canadian National Railways system. I am not disposed to be too strict as to what are capital expenditures, but I do not think the bill opens up a free ranging debate on the operation of the Canadian National Railways system. If any hon. member has a contrary view I shall be glad to hear him, but as presently advised it seems to me that the question before the house is whether it is desirable to provide the Canadian National Railways with funds for precise capital expenditures which are to be authorized and are set out in the bill.

Mr. Granger: I will leave all the detailed arguments until another time, Mr. Speaker, but I should like to mention this—

Mr. Speaker: May I say to the hon. member that there will be an opportunity to discuss the details of the administration of the C.N.R. when the estimates are before the house for consideration.

Mr. Pickersgill: On that point, Mr. Speaker, may I say this. Is it not true that there is not an opportunity on the estimates to discuss the C.N.R.? It being a crown company, I think it has always been understood in this house that it could not be debated in the committee of supply. I think it was for that reason that my friend the hon. member for Grand Falls-White Bay-Labrador desired to make a few observations about certain capital improvements which he hoped could be made by virtue of the provision to be made in this measure.

Mr. Speaker: I perhaps should not say there is an opportunity on the estimates because I am not sure of that position. Perhaps some hon. members can help me on that matter. I have no desire to limit the hon. member in dealing with capital improvements for which this money is provided or which he thinks should be covered by this provision. I just did not want him to get into a discussion of conditions of employment and that sort of thing at this time.

Mr. Fisher: I hope to speak in this debate, Mr. Speaker,—

Mr. Pickersgill: The hon. member for Grand Falls-White Bay-Labrador has the floor.

Mr. Speaker: I think the hon. member for Port Arthur is speaking to the point of order.

Mr. Fisher: Yes, Mr. Speaker. That is exactly what I want to get into from this point of view, namely that the capital program of the Canadian National Railways for this year includes a very large expenditure.

That is going to reduce employment in certain centres in certain areas. Because that capital program is involved in that way I feel this is an opportune time to bring up the whole question of the labour policies and the labour relations of the Canadian National Railways, in the very broad view. That is what I have prepared for, and I would certainly think it is quite in order since most of the ideas I have come from my attendance in the special committee dealing with the annual report. It is out of that knowledge that I wish to speak on this bill before us. If one does not have an opportunity at this time to go into the matter I cannot see when one can touch that subject within the framework of the House of Commons.

Mr. Speaker: I shall deal with the hon. member's problem when it arises, but in the meantime I feel that this debate should be directed toward the lines of capital enterprise of the Canadian National Railways.

Mr. Fleming (Eglinton): Mr. Speaker, I rise only to make a suggestion. While some of the remarks that the two hon. members indicated they had intended to make at this stage may be out of order in the debate on the motion for second reading of the bill, on which after all hon. members are confined to the principle of the bill, it may be that their points relate to the clauses in the bill and should be raised at the committee stage. I do not know whether or not they do so; we shall not know that until we know more about their remarks. However, it occurs to me that perhaps that may be the way in which the problems that have been raised might be met.

Mr. Granger: As much as possible, Mr. Speaker, I shall confine my remarks so they will come within the minister's suggestion and your ruling. I do not think the amount of money paid to these Canadian National employees is consistent with the amount of money voted for the operation of this telegraph system. I was about to say that salaries as low as $87.50 per month are not unusual.

I do not need to belabour the point that such salaries are low because they speak for themselves. It has been customary in the past, where possible, to combine the position of postmaster and Canadian National telegraph operator, which sometimes enables better salaries to be paid as a result of combined operations. I mentioned this before in connection with the post office estimates. I hope that system can be reinstituted.

I should like to mention also the need for a new steamer for the Labrador service. I hope sufficient money will be provided so consideration can be given to the construction of a new steamer with refrigeration to replace the *S. S. Kyle*. The *Kyle* has supplied excellent service for many years, but now she is a very old ship and needs replacing by a ship with more modern facilities. There should be, as I have said, an extension of the Canadian National steamship service to Labrador and a continuation of the service each year until the month of November.

Another suggestion I should like to make is concerned with the provision of better railway stations at many places in Newfoundland. There are quite a few places where the railway stations are not at all the type of building which should be owned and operated by an institution like Canadian National Railways. An example of such a railway station is the one at Gander, which is the real gateway to Canada. Today that railway station is not at all in keeping with what I might call, if I were to make a pun, its station. I would suggest that new stations should be provided at Gander and other places where antiquated buildings are made to serve.

While I am dealing with the railway station at Gander, I should like to point out that the railway no longer delivers express parcels from this station because the town has been moved away from the station. When Gander airport was extended and a new townsite built, the town was moved several miles away while the railway station remained where it was, right at the edge of the airport. The railway will no longer deliver express parcels to the town, and this is the cause of great annoyance and inconvenience to the people.

I should like to suggest, too, that the Canadian National steamers on the Labrador coast and along the northern part of Newfoundland should add to their ports of call instead of bypassing so many of the smaller settlements. I hope Canadian National will increase the number of ports at which their steamers call and bring their very valuable service to these smaller centres.

In conclusion I should like to say a word of appreciation of the very fine services, which over many years now have become traditional, performed by the captains, officers and crews of the Canadian National coastal steamers operating along the Newfoundland and Labrador coasts.

Mr. D. M. Fisher (Port Arthur): The president of Canadian National Railways, Mr. Donald Gordon, made a great impression upon most of the members of the special committee on railways and shipping. When I say "a great impression", that does not define it specifically. Certainly the impression he made on some of us was different from that which he made on others. However, he brought

home to all of us the many problems in connection with this largest single enterprise in the Canadian nation. The Canadian National Railways has been close to my interests for many years because I was brought up in a Canadian National Railways family and worked myself for the railway for a time.

Furthermore, the railway itself has always been of interest to my particular political party, the feeling being that as a government-owned enterprise it should be and could be a model for the country. Many of the things I hope to say in connection with this bill will indicate that we in this group approve of the principle of the bill, but feel there are certain aspects of the capital expenditures that open up problems and difficulties which we believe have very important application in labour matters and in the future financing of the railway.

In a speech which Mr. Gordon gave to the Canadian and Empire clubs in Toronto on April 1, 1958, he said, among other things:

> The capital expenditure of one billion dollars since 1950 needs to be put into perspective, particularly so in light of the fact that it does not by any means complete the job. First we should recall that the period in question has been a high cost period and that a technological revolution has added larger units of machinery to our complement of equipment and has, as well, greatly enlarged the use of labour saving devices. Moreover, because of inflation, a depreciation based on original cost has fallen far short of meeting current replacement costs. That is one of the major reasons for the increase in our fixed charges. However, you may be interested to know that our net capital expenditures expressed as a percentage of the total property investment of the system have during the past ten years averaged only 3.4 per cent annually.

He went on to state:

> On dieselization from 1950 to the end of 1957, we had spent approximately $250 million on the locomotives and the necessary facilities. Our present estimate of the remaining cost to completely dieselize our operation is roughly $268 million, to be spent over the next four or five years.

No doubt the capital expenditures that will be approved by the passage of this bill will go for further dieselization, and quite a bit of these expenditures will go for the establishment of central traffic control on a considerable portion of the Canadian National Railways system. These two phases of expenditure have opened up very real labour problems. *The Railway Age*, a United States magazine that deals very generally with railway problems in North America, has pinpointed the importance of the industrial dispute that has raged between the brotherhood of locomotive firemen and enginemen and the Canadian Pacific Railway, as well as the other aspects of that dispute that have now arisen with the Canadian National Railways and over which we are likely to have further labour troubles.

I suggest in this regard that the capital expenditures of the Canadian National Railways are putting quite a number of men out of work, and will put even more men out of work in the future. This will be a subject of discussion at divisional points across the country. There is no point in refusing to recognize that these things are going to happen. Perhaps they need to happen, but we are in a position where, very often, the labour organizations are not prepared for these particular situations in connection with the changes such as central traffic control or dieselization will bring.

Mr. Gordon had this to say in the committee. I had asked him whether it had been the thesis put to him by union men that in regard to the dieselization program which has resulted in great savings to the railway and great increase in productivity, in terms of labour, this particular point has never been recognized by the railways in labour negotiations. I asked him if he would care to comment on that statement. Mr. Gordon was very glad to comment, and he said:

> We have in the course of our presentations before various conciliation boards dealt with that point again and again. I have no hesitation in saying that in regard to the improvement in our efficiency brought about by dieselization, labour has now received its share of that improvement.

Then he went on to say:

> I feel that labour has received more than its share. In other words, the capital investment has not produced for us the result that we, as management, feel we are entitled to.

You can certainly see the sharp and definite position being taken by the president of the railroad. He went on to say:

> This question of productivity is another one of those easy economic terms that is commented on loosely and which is very seldom understood.

Then, after elaborating on that, he went on to make this recommendation:

> I do feel there is a great need for a thorough economic analysis of what is true productivity in terms of labour. If we could get that analysis, plus the other indexes we have, then we might be able to talk to labour on a much more sensible basis than we are able to do now.

And he went on to say that he is thinking in terms of a statistical study of the situation by a department such as the dominion bureau of statistics. I should like to take this opportunity to suggest to the government that now is the very time to go to work on such a study. As these capital expenditures unfold they are going to cause more and more dislocation and trouble. There is a labour problem developing, as I indicated yesterday, in connection with the

introduction of central traffic control, which means cutting down what might be called the tail end crews. In the record at page 96 of the committee proceedings—

Mr. Speaker: Order. I have let the hon. member deal with operational problems to some extent, but I think he ought to consider whether he is not doing more than illustrate his point by going deeply into operational problems. After all, this bill has nothing to do with that. It is to authorize the payment of money for capital purposes to the Canadian National Railways system, and there is no principle in it as far as I can see which would permit a general discussion of operational problems.

Mr. Fisher: Mr. Speaker, the capital expenditures, as you will note in perusing the bill, are to an appreciable extent intended for equipment. Part of those expenditures will be accounted for by the dieselization program and provision for centralized traffic control. Surely the whole question of labour and labour relations could come under this.

Mr. Speaker: Only incidentally and by way of illustration. I would not have objected to a discussion of the effect of the provision of certain types of capital equipment, but to make that the substance of comments on the bill seems to me to be getting off the track.

Mr. Fisher: Perhaps I could get more on the track by referring to the financial problems which the Canadian National are facing at the present time. The railway had a deficit this year and it is going to have a deficit next year, or at least that is the prediction. This capital expenditure program is certainly extremely necessary but there are a number of suggestions one could make at this time which, if carried out, might put the railway in the position of not needing such a large capital investment program.

One of the points that was made by the president of the railway at the time of the sittings of the committee was that the railway does not seem to be getting its fair share in relation to the express and mail set-up. They carry the mail at the present time for the government, and that mail is competitive with their express service. One of the other points Mr. Gordon made in connection with unprofitable services was that there are a number of lines and sections in the Canadian National Railways system that need to be dropped, from the point of view of profit. One of the other points he made was that the raising of freight rates has to be done on a more realistic basis if the railway is to continue to meet its financial obligations. I am trying to suggest that all these points have validity in relation to capital expenditure, and I want to take this opportunity of referring to them.

Mr. Speaker: Is the hon. member referring to the proceedings before the committee on railways, canals and telegraph lines?

Mr. Fisher: Yes.

Mr. Speaker: Has that committee reported yet?

Mr. Fisher: Yes.

Mr. Speaker: I see a meeting is scheduled for Thursday, August 7 at 10.00 a.m.

Mr. Fisher: This is a separate committee, on railways, air lines and shipping. One of the other problems Mr. Gordon raised in connection with capital expenditure is how far the C.N.R. should go in getting into the truck business and piggyback business. The hand of the Canadian National Railways has, to a certain extent, been forced by developments in the C.P.R., which has built up an extensive relationship with trucking interests.

This is one of the points with regard to which Mr. Gordon would not go into specific details, because he suggested that would be revealing his company's hand. I should like to hope that part of the capital expenditure involved under this bill will go for that purpose, namely to extend the piggyback service and tie in various truck lines with the service and give this diversification aspect of the C.N.R. more room to operate.

One of the other points made by the president of the C.N.R. in the committee which relates to this question of capital expenditure is the difficulty the two railway companies have had in working out pooling arrangements. Ever since 1933 an act of parliament has required the C.N.R. and the C.P.R. to work in a pool arrangement in certain sectors. We all know the sectors between Montreal and Toronto, and Ottawa and Toronto. Evidently discussions which have taken place between the railways themselves have been completely unsatisfactory.

Neither side will blame the other but this, it appears, is another place where direction by the government in relation to certain expenditures in connection with this bill might possibly lead to the C.N.R. being put on a better competitive basis as compared with the Canadian Pacific Railway. I certainly got the impression from the president that this is what he wanted, and he certainly feels that if his company were put in a better competitive position it would soon give the lie to all those Jeremiahs who are always going around pointing to this deficit and saying, "See what private enterprise can do and public enterprise cannot do".

I see the hon. member for York North nodding his head and expressing approbation. I wish he had had the educational opportunity to hear Mr. Gordon, in which case I am sure he would have reached the conclusion that the C.N.R. could do much better if it was given the opportunity.

One great capital expenditure of the C.N.R. in the last few years has been directed toward the improvement of maintenance of the permanent way, equipment and yard operations. There are a number of big electronic yards being built. This is a form of automation which is going to cut down employment, yet on the other hand it will lead to a much smoother type of operation, and we think the C.N.R. should be commended on going ahead.

One of the significant things in connection with expenditure on maintenance of way equipment is that it has cut down employment along the sections to a tremendous extent. Specialized machines now lay the ties, put in the spikes and so on, and you no longer need the number of people along the lines you formerly needed. Of course, this improvement is not something that is instinctively or easily understood by the people who lose their jobs.

I hope to come back to this particular point in greater detail when we are on a specific part of the bill. I confess I feel a certain amount of guilt in attempting to conduct a general discussion of the operations of the Canadian National Railways in the light of what was said, and in view of the most munificent offer of the Minister of Finance, which at first struck me as being completely out of character for him. Perhaps I do not really appreciate the character of the Minister of Finance as yet.

Mr. C. W. Carter (Burin-Burgeo): Mr. Speaker, I should like to make one or two observations on the second reading of this bill. In the first place, I feel I would be failing in my duty to my constituents if I did not protest on their behalf the fact that some of this capital expenditure is going to purchase radio-telephone equipment to replace the ordinary wireless telegraph sets which have served our needs in Newfoundland so very well for many years. I know the feeling is very strong in my own riding about this decision, and personally I feel it is a most unwise move; because we all know from experience that this type of equipment breaks down frequently and in isolated communities such as ours it takes weeks before a maintenance man can go to the place to effect the necessary repairs. During the interval the messages are either not transmitted at all or else are transmitted on a clear channel so as to make it possible for them to be picked up by all the household radios within range.

[Mr. Fisher.]

The people in my riding consider this a backward step. It is an ill-advised move because it provides a service which in many respects, as far as privacy is concerned, is inferior to what we have enjoyed for the past 50 years. I know it is going to create a great deal of discontent and ill will among the people who have to put up with this type of service. Although it may save a few dollars it is putting the consideration of money before the consideration of the people.

I should also like to express the hope that some of this expenditure will be used to provide express offices in my riding. At the present time there are 250 communities in my riding and about 80 of these are ports of call for C.N.R. coastal steamships; but despite this number of ports of call only two communities have the services of an express office. There are many large communities which should be provided with this service, and it could be established at very little cost.

I wish also to bring to the attention of the house and the Minister of Transport the hope that this service will not be delayed much longer. It would be my hope that these expenditures will be utilized in such a way as to provide the maximum amount of winter employment. This could be done in my province and in my riding if the program were to be drawn up well in advance so the contracts for telegraph poles could be let soon enough for the people to know that this work would be available in the winter months when there are very few opportunities available to them to earn a livelihood.

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

Clause 1 agreed to.

On clause 2—*Definitions.*

Mr. Forgie: Mr. Chairman, if it is in order I should like to know if any of the bond issue of the C.N.R. guaranteed by the federal government has been sold.

Mr. Fleming (Eglinton): Mr. Chairman, there was an issue of C.N.R. bonds last January to the aggregate of $300 million bearing the guarantee of the government of Canada.

Mr. Forgie: May I ask what was the percentage of the yield, the premium or the interest coupon?

Mr. Fleming (Eglinton): The coupon rate was 4 per cent. The issue price was $97 to yield 4.2 per cent to maturity.

Clause 2 agreed to.

On clause 3—*Capital expenditures authorized.*

Mr. Bourget: Mr. Chairman, I wonder if the minister would be able to give us a breakdown of the amount of $146 million-odd representing road property by region and by district. I do not want to delay the procedure and the committee could proceed to another clause if the information is not readily available.

Mr. Fleming (Eglinton): Mr. Chairman, I could give a breakdown of the figure, but I understand my hon. friend wished to have it broken down on a regional basis. I am not in a position to do that. I can give him a breakdown by nature of the properties affected, but not by regions.

Mr. Bourget: Could the minister obtain that information later on? I could wait. He could do it even tomorrow. I should like to have a breakdown by region and district.

Mr. Fleming (Eglinton): Would my hon. friend indicate if he is speaking of regions in terms of the operation of the Canadian National Railways?

Mr. Bourget: Yes. I think there are four or five including the western region, central region, Atlantic region, etc.

Mr. Fleming (Eglinton): I shall be glad to endeavour to obtain that information for my hon. friend from the Canadian National Railways and communicate it to him.

Mr. Fisher: Mr. Chairman, clause 3 includes $117,294,000 for equipment. According to the information given us by the president, of that amount approximately $11,205,000 has to do with the introduction of a central traffic control. This is a continuing program, which I gather is going to cover 10 years. The effect of this particular program upon sections of my constituency lying along the Canadian National Railway is going to be considerable. It could mean the halving of the population of almost all those particular communities, and it is certainly going to affect such things as real estate and the problems of school and community organization in a very bad way.

At the present time there seems to be no satisfactory plan that can be presented to those communities to inform them what their future is to be as a result of these expenditures on central traffic control. It would be ridiculous for any of us to object to those expenditures. I think they will go far in modernizing the railway in that part of the country and enable it to compete better with shipping and give a better service. But I want to make the point that the expenditures in connection with central traffic control are going to cause and are causing dislocation in our part of the country.

This is a point which I think the government should take note of. Because the Canadian National Railway as a corporation feels that it cannot go far enough to accept the responsibility for the dislocation and the effect this dislocation is going to have on labour mobility in the whole future of those towns, it is the responsibility of the government.

In that particular regard there is a study before the royal commission on Canada's economic prospects on the probable effects of increasing mechanization in industry. There are quite a number of points I would like to present in relation to that matter, but perhaps I can just give the concluding points to enable this bill to move along more quickly. The man who perhaps knows more than any other about the effect of automation and mechanization is Mr. Diebold, who has a book on "The Changing Picture of Automation". He is quoted at page 67 of this report as saying:

> It seems to me that there is, at this point, only one useful way of collecting, organizing and analysing the information necessary to such a study as that which I have proposed:—

That is, a study of the factors involved in such things as central traffic control. This is the point that I want to make to the government:

> —a detailed case by case approach to a number of specific industries which are regarded as typical of the several kinds of automation practised today.

This is typical of a certain kind of automation which is being introduced here. With the Canadian National Railway we have an excellent chance to do a real case study. Mr. Diebold goes on:

> The schedule of industry and labour spokesmen to be witnesses to these hearings—

These were hearings in the United States:

> —indicates, it seems to me, that the members of the committee also consider such an approach valuable.

In other words, this expert on automation and its effects is plumping for case study wherever you can possibly get it in order to determine the effects. I submit that as a result of expenditures by the C.N.R., when authorized by this bill, we will have this problem right across the country, but specifically at four divisional points in the constituency of Port Arthur. I would certainly like the minister to tell me something about it so we can get some idea of the effect of this expenditure upon our whole employment pattern and even on the social life

in those communities in the future. Referring to the Canadian scene this particular report concludes:

> But we must all resist any temptation to postpone action "till all the facts are in." They never will be. They never can be, not even with all the giant computers working full time. Too many different things are constantly happening too fast and all together. We must investigate and study and plan; but we must also act, and act promptly, on the basis of the facts we have and the new facts as they come in.

I suggest that these changes and the new equipment which has been introduced and is being introduced by the Canadian National Railways by these expenditures here and the gross capital expenditures are creating just the kind of problems that are talked about here. I think it is of fundamental importance that we do some planning and more study of it now. I know the Minister of Finance who is shepherding this bill is not the person in the government who is most directly involved, but the whole problem will appeal to him as something that can be faced with a view to bringing these particular points before the government. If the government does not move within the next two or three years to handle the particular problems on that basis I think we are going to be faced with the danger of some of the dirtiest strikes and some of the greatest bitterness that this country has ever had.

Mr. Garland: I notice the item of $12,510,000 for branch line construction. Can the minister give the details of that?

Mr. Fleming (Eglinton): There are five new branch lines which are contemplated under this item, aggregating $12,510,000. The first is Hillsport-Manitouwadge, $60,000; then Beattyville-Chibougamau-St. Felicien, $7,300,000; Bartibog-Heath Steele Mines, $200,000; Sipiwesk-Thompson, $4,500,000; Optic lake-Chisel lake, $2 million. That is a total of $14,060,000. Then there is one sum to be subtracted as a subsidy to Beattyville-Chibougamau-St. Felicien of $1,550,000, leaving a residue of $12,510,000.

Mr. Garland: Are there other branch line projects receiving consideration?

Mr. Fleming (Eglinton): I have no doubt, Mr. Chairman, that there are other proposals that are constantly before the railway and under consideration. These are the ones that are embraced in the plan of capital expenditure for this year.

Clause agreed to.

Clauses 5 to 10 inclusive agreed to.

On clause 11—*Auditors.*

Mr. McIlraith: Mr. Chairman, I wonder whether the minister will tell us why he is changing the auditors of the Canadian National Railways system?

Mr. Hees: Mr. Chairman, I can probably answer this, as it is on my recommendation that the auditors be changed, since the Canadian National Railways come under my jurisdiction. It is simply this. The firm of George A. Touche and Company have done the auditing for the past 23 years. This government is against monopoly; we are fundamentally opposed to it, and believe that in the interests of the free enterprise system various business firms should have opportunities from time to time to do work of this kind. It is for that reason that the auditors are being changed.

Mr. McIlraith: Mr. Chairman, I should like to ask the minister how you overcome monopoly by simply substituting one monopoly for another. Only one firm is involved in doing the auditing work of the C.N.R., and I just do not follow the logic of the minister's statement that he is doing away with monopoly when he changes the monopoly from one auditing firm to another.

Mr. Hees: It is very simple. One firm, the firm of George A. Touche and Company, has had this audit for the past 23 years. They have carried it out each year for the past 23 years, and we believe it is a good thing for first class auditing firms to have a chance to carry out an important task of this kind. It is for that reason that a new auditor is being appointed at this time.

Mr. McIlraith: I understand they are being appointed on the recommendation of the minister. Did the Minister of Finance concur?

Mr. Fleming (Eglinton): This is a government bill. My hon. friend realizes that this is a government bill, and the government is asking parliament to make the appointment contemplated in clause 11. There was a time when the appointment of auditors for the Canadian National Railways system was made by the minister. That was the situation until 1932. Then the law was amended to provide that the appointment should be made by resolution of the two houses. Then the legislation was amended in 1935 to provide that the appointment should be made annually by parliament, that is to say in the form of a statute.

It was the practice in the intervening years down to 1954 for a separate bill to be brought in each year for the appointment of auditors. Sometimes there have been debates on that question. Those who were in the house in 1947 will remember the very vigorous challenge delivered by Mr. James Sinclair, M.P., against the appointment proposed in the bill. But since 1954 it has been the practice, as

the hon. member for Ottawa West will recall, to include the provision for the appointment of auditors in the annual C.N.R. financing bill, and in that period it has taken the form of a clause in the bill.

Mr. McIlraith: The Minister of Transport tells us that the auditors who are being released have been doing this work for the last 23 years. Would he give us his authority for that statement? It is not in accordance with my knowledge of the facts and understanding of the matter.

Mr. Hees: I would be very interested to hear what the hon. member's authority is. It is my understanding that these auditors were appointed by the Liberal government in 1936 and that they have carried out the audit every year since. If he has any other information I will be interested in hearing it. I have discussed this matter with Touche and Company and that is the information they give me. I should think they would know who has been doing the audit.

Mr. Pearson: If the minister will consult the statutes of Canada, 1934, he will discover that George A. Touche and Company were appointed as auditors in that year by the government of Right Hon. R. B. Bennett.

Mr. McIlraith: And in all the previous years of his government and also back to 1923.

Mr. Hees: Perhaps the executives of Touche and Company do not know when they were appointed.

Mr. McIlraith: I think it is the minister who does not know.

Mr. Hees: However, Mr. Wilson, the president of the company, told me that they were appointed in the spring of 1936 and have done the audit consistently ever since.

Mr. Fleming (Eglinton): I think the Leader of the Opposition and the hon. member for Ottawa West have overlooked the fact that the Clarkson firm was appointed in 1935. The Touche firm was appointed again in 1936 and has been appointed annually since.

Mr. McIlraith: And was appointed before 1935.

Mr. Fleming (Eglinton): Yes, they had been the auditors for a time prior to 1935.

Mr. McIlraith: That is right, since 1923. Therefore the information given the house by the Minister of Transport is quite inaccurate.

Mr. Hees: No, the information given the house by the Minister of Transport was 100 per cent accurate. I said that George A. Touche and Company had been appointed in 1936, as they were, and had done the auditing for a straight 23 years. I believe the Clarkson Company did the auditing for one year before that and Touche and Company for a number of years before that, but my statement was that Touche and Company had done it continuously for 23 years, and that statement is correct.

Mr. McIlraith: Would the minister give us any other reason he has for discharging the Touche firm, bearing in mind all the experience they have had in auditing the books of the railway company since 1923 with the exception of one year? Would the minister explain to the committee just what benefit is to be gained by throwing away all that experience in favour of a new auditing firm?

Mr. Hees: I will be very glad to do so. After 22 years of continuous Liberal government the people of Canada overwhelmingly decided that a new party should have the job of running the affairs of the country. I believe that after 23 years of continuous auditing, or 35 years out of the last 36, whatever it was, it is a good thing to give other firms the opportunity to do important work of this kind instead of conferring a monopoly on any one firm.

Mr. McIlraith: Mr. Chairman, since this appointment is made on the minister's recommendation I should like to ask him whether the fact that this monopoly has been given to one of the defeated Conservative candidates in the city of Montreal has any bearing on the qualifications?

Mr. Hees: I will be very glad to answer that cheap, political question. The fact of Mr. De Lalanne being a defeated Conservative candidate has had no effect whatsoever upon this appointment. In fact, what has had more effect on the appointment is the fact that his colleagues in the chartered accountancy business did him the honour this year of choosing him to be president of the Canadian chartered accountants' association, thereby showing that they hold him in very high regard as a colleague.

Mr. McIlraith: So that it will be available in *Hansard* I should like to question the wisdom of the minister in making a change of accounting firms for the reasons or lack of reasons stated by him at a time when expenditures of taxpayers' money on the railway system are fairly substantial. I would point out to the committee that the Auditor General does not have any part in the auditing of these accounts, and it is a pretty serious thing when the taxpayers' money is involved that the appointment of auditors should become merely a matter of patronage at the whim of the Minister of Transport.

Mr. Fleming (Eglinton): I do not think that remark should be allowed to pass unchallenged. This is not something done at the whim of the Minister of Transport, and that has been made abundantly plain. I wonder what my hon. friend had to say in 1936 when a change was made.

Mr. McIlraith: A change was made to revert to the auditors who had audited the accounts of the railway system under both Liberal and Conservative governments. I would point out that the Minister of Transport has repudiated the action of the Conservative government in the period 1930 to 1935.

Mr. Hees: I would be very much interested in hearing the opinion of the hon. member for Ottawa West regarding how long he believes a firm of auditors should be continued on a job of this kind. Once they have started does he believe they should be continued for 45 years, 68 years, 85 years, 99 years or how long?

Mr. McIlraith: The answer is very simple. They should be continued as long as they continue to do a thoroughly efficient job, and as long as the committee of the House of Commons that examines their financial statements can find no fault with them and does not find any weakness in their auditing system. In other words, the period of time is to be gauged by the efficiency of the service and the competence of the service they perform and not merely by the number of years.

Mr. Fisher: On this particular point most of the questions I wanted to ask have been asked. I just wanted reassurance from the Minister of Transport as he is the spokesman in this matter. There was not any particular question of inefficiency as to the Touche Company and there was not any particular question or feeling that there was political patronage involved with this company having had it for such a long period of time?

Mr. Hees: I am very glad to answer those two very sensible questions. It is nice to hear sensible questions for a change. The answer is that there were no political considerations in this case whatsoever, as I stated earlier, and there has at no time been any question as to the ability or the efficiency of the George A. Touche firm.

Mr. Pearson: Why discharge them?

Mr. Fisher: After that very complimentary answer, I can only say that I want to compliment the minister for his indication that he is now anti-monopoly and I might say a trust buster. We hope to see him out with the Minister of Justice skirmishing with the large corporations and making sure that monopoly does not flourish in Canada and that we can get back to genuine free enterprise.

Clause agreed to.

Title agreed to.

Bill reported.

Mr. Speaker: When shall the bill be read a third time?

Mr. Fleming (Eglinton): Now, by leave.

Mr. Pickersgill: By leave.

Mr. Fleming (Eglinton) moved the third reading of the bill.

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

SUPPLY

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

DEPARTMENT OF JUSTICE

158. Remission service, including $50,000 for grants to recognized prisoners' aid societies as may be approved by treasury board, $319,194

The Deputy Chairman: Shall vote 158 carry?

Mr. Fisher: I do not want to speak on this item but I wonder whether the minister would be agreeable to allowing us to come back to it in a few minutes. In the meantime I shall get in touch with the hon. member for Vancouver East who, I understand, wanted to raise some questions in connection with it.

The Deputy Chairman: Shall vote 158 stand by leave?

Some hon. Members: Agreed.

Item stands.

160. Administration, $131,238.

Mr. Hardie: I have not the page in front of me, but I think this item deals with the Northwest Territories. I am wondering whether the minister can tell me whether there are two kinds of inquests in Canada, one for the Northwest Territories and one for the provinces.

Mr. Fulton: I think the position is that the form of inquest and the requirements and procedures to be followed at inquests are regulated by the various provinces; and certainly inquests to be carried out in the Northwest Territories and the forms and procedures are settled by the relevant ordinance of the Northwest Territories council.

Mr. Hardie: In the case of an inquest, who would appoint the coroner?

Mr. Fulton: I have no knowledge of this matter but I believe the appointment of coroners would be settled by the commissioner. I suggest to the hon. gentleman that details in that regard would properly be sought under the estimates of my colleague the Minister of Northern Affairs and National Resources who has responsibility in parliament for reporting on these matters. We in the Department of Justice are responsible only for the administration of justice in the courts of the Northwest Territories and the matter of appointment of coroners would, as I understand it, be an administrative matter not related to the jurisdiction of this department with respect to the administration of the courts.

Mr. Pickersgill: Is the minister quite satisfied that what my hon. friend is asking about would not be covered under item No. 161?

Mr. Fulton: Yes. Item No. 161 covers the Northwest Territories territorial court. My hon. friend will see "Northwest Territories territorial court". There is a statutory item "Judges' salary and travelling allowance" et cetera. Then item No. 161, "Administation, including administration of justice—Northwest Territories". As the set-up in the estimate goes, I think it will be found that that refers to the administration of the Northwest Territories territorial court.

Mr. Pickersgill: In other words, it does not mean the administration of justice in the sense in which it is used in section 92 of the British North America Act? Perhaps I could make my point in another way to the minister. Is the minister the attorney general for the Northwest Territories or is someone else the attorney general for them?

Mr. Fulton: The Minister of Justice is the attorney general for the Northwest Territories. However, I am also informed that the Northwest Territories Act governs matters such as the appointment of coroners in the Northwest Territories. For instance, I am quite certain that I do not appoint coroners in the same way that I recommend the appointment of judges. As I understand it, that is a matter of administration which falls under my colleague the Minister of Northern Affairs and National Resources.

Mr. Pickersgill: If the minister could give us the assurance that this matter could be discussed in an unrestricted way on the estimates of the Department of Northern Affairs and National Resources, I imagine my hon. friend would be quite satisfied.

Mr. Fulton: As I understand the position, there would be no way in which discussion could be limited,—

Mr. Pickersgill: That is to say, whatever discussion is proper.

Mr. Fulton: —apart from the rules of the house. I am not familiar with the detailed information of the Northwest Territories. Therefore my answer cannot be taken as meaning anything further than what I say. I understand that will be the proper place to discuss the matter.

The Deputy Chairman: Shall vote 160 carry?

Item agreed to.

Combines Investigation Act—

164. Restrictive Trade Practices Commission, $79,120.

Mr. Howard: I think it would be well to be able to discuss the general questions arising out of the operation of the restrictive trade practices commission and the office of investigation and research which is in the next vote under this item because the two votes overlap. I wonder whether that procedure would be all right with the minister, if we should wander a little bit far afield. I am suggesting that there are two votes here, one dealing with the restrictive trade practices branch and the other with the investigation and research branch, and I am wondering whether it would not be well to have them overlap in our discussions?

Mr. Fulton: Yes.

Mr. Howard: With respect to the Combines Investigation Act itself, which, in my opinion, is one of the most important pieces of legislation in Canada, I may say that it has been revised periodically and probably should be revised again in the light of developments over the past few years. I should like to have the minister, if he would, give the committee an indication of the scope of the operations of the administrators of these two groups which are established under that act, particularly in the light of an article which appeared in the *Financial Post* about the middle of June of this year, I believe it was, which indicated that there may be a change in view on the part of the officials administering the act or the government concerning the rules applying to mergers, combines, monopolies and other similar organizations.

I wonder whether the minister could indicate, in a general way at first, the effect of the operations of the act, and especially whether there is any change in attitude of the administrators or the minister as indicated in the article which appeared in the *Financial Post*.

Mr. Fulton: I think I must say, Mr. Chairman, that the article was one which reflected the views and opinions of the writer, not of

the minister or of the department. I have said, I think in the house since taking office and elsewhere, that we are making a study of the general scheme of the combines legislation as it is in effect in Canada today. My hon. friend will appreciate that there have been alterations to similar legislation in other countries, notably in the United Kingdom in recent years. I think it behooves any government, especially one taking office for the first time after a good many years, to make a study of matters of this kind and especially of matters of this kind which are so inextricably interrelated with questions of economic policy. It is in that sense I have, on the various occasions when I have spoken, indicated that we are making a study of the combines legislation, and of its impact on Canadian economic interests. I used the words "economic interests" as applied to the nation and not as applied to particular individuals.

It is in that light we are studying it. We are making particular studies, of course, of particular aspects of it, such as those which arise under section 34 and under section 412 of the Criminal Code which present particular problems within the over-all study to which I have referred. Having said that, I come back to the statement I made at the beginning. I can take no responsibility for the views expressed in the article in the *Financial Post*.

Mr. Howard: If I could elaborate a bit there, I might say that from what I can recall from reading this particular article, it arose out of a report of the restrictive trade practices commission on yeast. Apparently there was an opinion expressed in that report—I am not trying to interpret the report but merely to relate my remembrance of it—relating to the detriment, if any, to the general public of this particular merger in the yeast industry, or the acquisition of one company by another. In earlier reports of the commission dealing with similar types of mergers there was no reference to the degree of effect that it would have on the general public, so this report was taken to be a departure from the approach in the past.

Mr. Fulton: As I recall there was no departure in this report from what has been the practice in the past. The act itself now, and for many years, has authorized the procedure under which, if the commission itself is of the opinion that there is no evidence of an offence or nothing in the subject that they have investigated which warrants further action, then they may so report and recommend to the minister that no further action be taken; that provision has been in the act for some time.

[Mr. Fulton.]

In the case of this particular inquiry into yeast, the commission found, as I recall, that there was no evidence of an offence. There had been, in fact, a merger, but it was not a merger which brought the companies concerned within the terms of the legislation which requires evidence of detriment to the public. In effect, they found that the company, while effecting a merger which did give an increased measure of control, that measure of control had not proceeded to the point where it was likely to be detrimental to the public. It was inherent in their findings, if it was not explicit, that any further activities of this sort, any further mergers or acquisition of other companies in this field would, however, be very likely to bring the whole situation within the territory where there might well be an offence under the act.

Mr. Howard: If I understood the minister correctly with respect to that last part of his comment—his comments related to the yeast industry, did they?

Mr. Fulton: Yes.

Mr. Howard: If there were any further acquisitions or mergers by this company, then it might come within the ambit of the legislation?

Mr. Fulton: I think to put it correctly, that would represent circumstances warranting a further investigation to establish whether or not, in fact, that further acquisition did not constitute an offence under the act.

Mr. Howard: Of course, we might get into the question of whether or not monopolies, by themselves, are detrimental, and what action can be taken with respect to them. From what I can recall of this yeast merger, Standard Brands, I believe it was, was the large company which acquired the control or bought out some other company. This, in effect, gave Standard Brands 100 per cent control over the production of one type of yeast and 85 per cent or 80 per cent control over the production of other types of yeast in Canada. Only one other company was left in the yeast producing business, and that was confined to the province of Quebec. In effect, therefore, the acquisition by Standard Brands Limited of this other company placed them in a position of having a virtual monopoly in the production, distribution and sale of yeast in Canada, with the exception of the province of Quebec.

If that situation is correctly stated or if a similar situation arose, in what position is that monopoly with respect to the legislation? Would these facts, by themselves, constitute an offence?

Mr. Fulton: In the case of a merger the requirements of the act under section 2 are that the merger, trust or monopoly has operated or is likely to operate to the detriment or against the interests of the public, whether consumers, producers or others. The commission, in this case, found that the facts disclosed on the inquiry led to certain conclusions.

Firstly, that no monopolistic intent was shown on the part of Standard Brands and, secondly, that the price paid by Standard Brands for Best Yeast was not shown to be excessive, nor was Best Yeast pressured to sell but, on the contrary, the approach came from Best Yeast. As I recall it, Best Yeast was in a strong financial position. They made the approach. They said: if you will pay us a reasonable price we would rather sell out than continue in operation.

Thirdly, the reasons given by Standard Brands for the acquisition, that is to provide needed expansion of capacity and reduce freight costs by having better located plants, appear to be sound business reasons.

I might elaborate on that a little. If you have a business or an enterprise, such as many are in Canada, where very large sums of capital are required to get into that business, then anything whereby competition is lessened, or competitors are acquired, naturally tends to place the person acquiring it in a very powerful monopolistic position. But where you have a form of activity with regard to which no great sums of capital are required in order to be able to enter, and where the channels of distribution are relatively open and free so that entering into that business is, on the face of it, not terribly difficult, the mere acquisition by one company of a competitor does not, in that field, place the company in a very powerful position. That is what the commission had in mind in referring to this factor.

They further found that the slight increase in the price of Best Yeast to the jobber which apparently resulted from the merger may have been accompanied by an improvement in quality and cannot be said to involve detriment to the public.

On the basis of these factors the commission found there was no creation of a monopoly to the detriment of the public, but they did, as I say, warn that this merger has considerably narrowed both existing competition and the opportunity for competition in the industry, and that it has strengthened what may be called Standard Brands monopoly position.

I would sum up as follows: In the result, the commission was not convinced that the public interest had been so affected as to justify it recommending action to dissolve the merger. Its concern at the reduction in competition and the possibility of long term injury arising from the near monopoly position created led it, however, to express the opinion that Standard Brands should not be permitted to acquire either Lallemand's, of which there was no immediate suggestion, or any new competitor that might enter the present field.

It amounts to a finding that there was no evidence sufficient to warrant a finding of a monopoly operating against the interest of the public, but there was evidence which warranted the commission keeping a close eye on the situation and issuing a warning that further activities along these lines would immediately result in further investigation.

Mr. Fisher: Following along the same line, and referring to the question of the press in Canada, especially the daily press, we have no particular monopoly except in specific towns and, in a sense, these monopolies make sense because a competitor could not make a go of it with any reasonable financial chance. But there has been a considerable growth of newspaper chains in this country which is tending toward a monopoly and there has also been the development of a co-operative press organization, the Canadian Press, which in effect means that a member of the Canadian Press is in a perfect position in competition with anyone who may intend to get into the business but who does not belong to the Canadian Press, and according to the Canadian Press regulations as they are presently set up it is almost impossible for a new enterprise to get going in that field and to be accepted by the Canadian Press.

With regard to this question of the development of chains in the newspaper area and the control of this system of sending press information across the country, is the combines investigation branch watching developments in this particular field at all?

Mr. Fulton: Yes, Mr. Chairman, I think it has become public knowledge that we are looking into one particular case of a mutual arrangement made between two newspapers in Canada, and we are aware of the position of the Canadian Press in the sense in which the hon. gentleman refers to it. If any specific case comes to our attention whereby the existence of this agency were used to foster a monopoly by one newspaper or any combination of newspapers, we would, of course, be prepared to investigate.

Mr. Fisher: I have no particular case to refer to, but I wanted to make sure the minister was watching it because in the lakehead community, which in a sense is a

unit, we have two newspapers and the owner of one of them has died recently. There was a certain fear expressed on the part of some people, including myself, that the chain which owns the paper in the other town is trying to purchase, and if it should do so it would leave us in that area without any competition at all, which is the cause of some concern. But, of course, we cannot ask the combines branch to take any sort of *a priori* action.

One of the points I wanted to raise in connection with combines—and the minister will remember that last year I raised the same point that was raised by the hon. member for Skeena today,—was this new policy towards which the department is working, and there are a couple of other points I wanted to deal with also. I want to ask the minister whether he can comment on an article called "Anti-combines and Injury to the Public," written by Mr. George W. Wilson, which reads, in part as follows:

> In recent years certain business interests, lawyers, and professional economists have been insisting that the Combines Commission be required to demonstrate more than an "undue lessening of competition" to obtain a conviction under the Combines Investigation Act and the Criminal Code. What is being suggested is that the commission prove that the economic consequences of the anti-competitive business practices complained of are less desirable from the public point of view than they would have been in the absence of such restrictive activities.

Is that one of the points on which the minister and his officials are trying to determine policy, or are they prepared now to say that do not agree with this general criticism put forward?

Mr. Fulton: It is too early to give an opinion on that, because we have not formed a conclusion. But that is one of the more significant aspects of the jurisprudence which has been developed as a result of recent cases, and it would be foolish of me to deny that there are various elements in the country which regard that aspect with a great deal of concern. They have brought it to my attention; we have said we will look into it and say whether in our view there is any change to be made in the jurisprudence in that respect.

Mr. Fisher: Can the minister assure us that the policy when it is enunciated will not be based purely on economic considerations, but that political and employment considerations will come into it?

Mr. Fulton: Yes, indeed, and I suppose, to be frank, I should admit that no one in my position could make any decision divorced from political considerations—certainly not a provision of that kind.

[Mr. Fisher.]

Mr. Howard: There is a provision with respect to monopolies and it relates to research into monopolies and their effect upon the economy, is that not so?

Mr. Fulton: There is section 42 of the act which authorizes the commission to institute inquiries of its own motion into trade practices generally. Perhaps I should read it. Section 42, subsection 1 of the Combines Investigations Act reads as follows:

> 42. (1) The director upon his own initiative may and upon direction from the minister or at the instance of the commission shall carry out an inquiry concerning the existence and effect of conditions or practices having relation to any commodity which may be the subject of trade or commerce and which conditions or practices are related to monopolistic situations or restraint of trade, and for the purposes of this act any such inquiry shall be deemed to be an inquiry under section 8.

Mr. Howard: What is the position of the court, if it gets to the court, with respect to prosecutions and penalties against monopolies themselves as differentiated, if there is a differentiation, from combines?

Mr. Fulton: Perhaps the hon. gentleman means would there be any difference in the position if charges were laid as the result of an investigation started under section 42 or whether they are laid as the result of an investigation commenced in another way. I think if charges were laid then the courts would be in exactly the same position no matter what had been the occasion of the commencement of the investigation. But I should say the purpose of section 42 is rather to conduct the sort of inquiry which might lead to the consideration of recommendations for changes in legislation rather than to laying charges in court.

Mr. Howard: That is what I had rather expected was the situation, that this was primarily for research purposes and that arising out of it some change in legislative approach might develop with respect to monopolies themselves. I imagine there has been some research along these lines of monopolies and their effect. Could the minister indicate what the results of these inquiries and that research have been with respect to monopolies?

Mr. Fulton: Mr. Chairman, I am advised that there are four in process, one in the field of automobile insurance, one in the field of antibiotics, one in the field of discriminatory pricing and the fourth in the field of tires, batteries and accessories. These inquiries are in process. There are two before the commission now, the one relating to discriminatory pricing and the other relating to automobile insurance. These inquiries are

completed as far as the director is concerned and are before the commission for consideration and recommendation. The other two inquiries have not yet been completed by the director. When we receive the report of the commission we will then be in a position to make some further assessments as to whether, and if so what changes in legislation might be indicated as a result of these inquiries.

Mr. Howard: At the present time, though, apart from what the commission may report, in the minister's opinion at the moment, without taking into account what may be in the report, could he give us any indication what his views are with respect to the legislative program as it would apply to monopolies. Are there any in that field?

Mr. Fulton: I do not think I can give any indication of that. The whole field is being studied and my first responsibility is to make my own conclusions and then draft a set of recommendations and present them to my colleagues in cabinet. Until that is done and until cabinet has accepted, rejected or modified any recommendations that may be made I do not think I am free to hint at what my own views are.

Mr. Hanbidge: Mr. Chairman, I should like to ask the minister if there has been any investigation with regard to fixing the price of fish on the Pacific coast. I should like particularly to know what is the present status of any investigation that has been carried on.

Mr. Fulton: Yes, Mr. Chairman, there is such an inquiry and it has been referred to on several occasions in this house. It is well advanced. The taking of evidence has been completed and the evidence is now being compiled so that a statement of the evidence can be laid before the commission.

Mr. Hanbidge: I am referring particularly to the united fishermen's organization.

Mr. Fulton: Yes. As far as I am aware that is the only inquiry into the field of fish prices that is under way and it was to that inquiry that I had reference in my previous answer.

Mr. Fisher: Mr. Chairman, the minister has one particular case in relation to combines investigations that spills over, as it were, surprisingly enough into the field of agriculture and comes under the purview of the Department of Agriculture.

As the minister probably knows there has been a fairly strong demand in certain parts of the country that there be support prices established for pulpwood. That demand has been especially strong in the maritimes and Quebec and it is present to a degree in eastern and northwestern Ontario. There are a number of difficulties involved in the government establishing a floor price on that commodity. One of the main difficulties is the fact that there is a report concerning the purchase of pulpwood in certain districts in eastern Canada which would dynamite the establishment of any sort of a fair price because, if the information in this document is correct, it would indicate that a fair price has not been paid up until now. This means we are rather chasing our tail in this particular regard. We are not going to get a floor price until we can get something definite in terms of what the floor price should be. We have not had a just market price if the report is correct so how do we get out of the difficulty and arrive at a fair floor price? That is a problem for the Minister of Agriculture but I should like to know what the Minister of Justice could do in speeding up the matter and what are his opinions on it.

Mr. Fulton: Of course, as the hon. member himself has said, the question of a floor price for pulpwood is a matter for the Minister of Agriculture. There are, I think, other difficulties in the way in addition to any difficulty that may arise as a result of this report and any prosecutions that may result. There is the fact that in many cases pulpwood is not grown by farmers but is grown by others. How do you in fact set a support price for pulpwood?

In so far as the situation may be affected by this report and action taken thereunder, as I have informed the house the matter has been referred to counsel in the city of Montreal with instructions for prosecution and I can assure my hon. friend that although these cases being complicated, difficult and technical always take a surprisingly long time, nevertheless we do not anticipate any excessive or undue delay in disposing of this matter.

Mr. Fisher: Could the minister say from talking with his commissioner that the combines commission should be in a position to give the Department of Agriculture advice as to what a just market price would have been if it had not been for the restrictive trade set-up that was in operation? In other words, if the Department of Agriculture has to get information and establish a fair price, is the combines investigations commissioner in a position to advice the minister what a fair price might have been?

Mr. Fulton: No. I think it would be quite improper for the combines commission or the restrictive trade practices commission to enter into that sort of field at all, but information

might be obtained from the report itself and from the facts disclosed there. We are not concerned with the detail of whether this or that particular price was too low or too high. Our responsibility is to assess whether prices have been affected by the activities of the companies concerned on the one hand, and also whether the activities of those companies, or whether there is evidence that the activities of those companies, constitute an offence under the combines legislation. We are not qualified, nor is it any part of our responsibility, to make recommendations as to what the price actually might have been or should be.

Mr. Fisher: Mr. Chairman, one other matter in connection with combines; I have here a copy of a letter from the general manager of the garage operators' association in Ontario which was sent to the minister on May 29, 1958. The substance of the letter is contained in three paragraphs. These paragraphs read:

> The governors and directors of the garage operators' association are greatly concerned by a practice of the oil companies in Ontario which the association's legal advisers have instructed is perhaps both contrary to the combines act and also contrary to the Unfair Competition Act, and in fact and law is likely in restraint of trade.
>
> This practice of the oil companies involves gasoline price wars where prices are reduced by one station serving one type of gas across a community and the gas station attendant is sponsored and recompensed by the gas company and still will go on for some time, one company bettering the offer of another and then suddenly the war comes to an end on the last day and oddly enough the price of gas ends up being the same as it started on the same day for every company in the community and at the same level.
>
> Although for obvious reasons this may be amusing to the oil companies, it is a great injustice to the public and to the small operator.

That is the end of the paragraphs that I feel carry the meat of the complaint. Whenever one raises questions in regard to this he realizes that perhaps he is prodding into areas that would be just as well left unprodded until some definite action is taken. Since this particular complaint is such a pertinent one right at the present time when gasoline wars are going on in various parts of the province of Ontario,—and I gather also out in Manitoba—can the minister indicate the scope of any possible action in connection with this? Does it look as though it is worth while proceeding on the basis of complaints that have been received so far?

Mr. Fulton: The complaints allege matters which, if substantiated, would warrant investigation with regard to discriminatory pricing contrary to section 412 of the Criminal Code. That was the allegation made by those who brought it to our attention. As a result of this complaint the director interviewed two of the officials of the associations bringing them to our attention, and he has consulted with them as to the specific nature of the complaint, and the situations complained about are under study in the branch with a view to making a more formal inquiry or investigation as soon as staff is available who are now engaged on other inquiries. Until the inquiry is launched and more specific facts are ascertained we could not give any indication of the direction in which the inquiry may lead us.

Mr. Fisher: What is the staff situation in your department at the present time to handle what may be an increasing amount of business? Have any attempts been made in the past year, let us say, to extend the scope of the activities and has the minister the men to do it?

Mr. Fulton: At the present time the staff is normal in comparison with past years. There are always some vacancies but we are carrying out a competition at the present time with a view to recruiting staff in the category of inquiry officers. If there should be any increase in the numbers of inquiries to be undertaken we shall be in a position to deal with them. The staff has also increased but are fully engaged, particularly the director personally, in the studies and discussion which I have indicated which are taking place with regard to a general review of combines legislation.

Mr. Howard: I have a question arising out of the minister's last comments with respect to staff. Can he indicate whether there is a backlog of cases to be inquired into and whether he finds when a complaint is raised either by six people or by an order given by the minister, or the director on his own initiative decides to make an inquiry, these things pile up because of a lack of staff members?

Mr. Fulton: I am informed there is always some backlog of cases under inquiry at the end of a fiscal year. On March 31, 1958, the close of the last fiscal year, some 30 inquiries were waiting to be proceeded with as against 20, the average of the previous fiscal years. That is one of the reasons why we have conducted this competition for the selection of further junior officers.

Mr. Howard: How many officers are there?

Mr. Fulton: I believe I said 30 inquiries awaiting attention; a more accurate phrase would be proceeding, as against an average of 20 at the close of previous fiscal years.

Mr. Howard: How many junior officers were you conducting this competition for?

Mr. Fulton: We would fill up to five vacancies as a result of the competition.

Mr. Howard: If my memory serves me right the minister indicated that there were five vacancies in January when this question was last before the house. I think it was January when the estimates were last before the house. There were five vacancies then and there are five vacancies now. Is that the same five? Have they not been filled since that time?

Mr. Fulton: I am informed that of those five vacancies one has been filled, but another member of the staff has left so we still have five vacancies. The competition was in process last January when I spoke. Civil service competitions do not always get finished as early as one anticipates. But the director tells me that the competition—I am not sure of the technical term—the date for applications has been closed and the civil service commission is in the process of compiling the eligible list now from which the selection will be made.

Mr. Howard: According to the details on page 244 of the estimates book, 53 employees are listed under the office of investigation and research. In actual fact, that would mean less five, would it? Five of those 53 are potential employees?

Mr. Fulton: Yes, the figures shown here would be the establishment. Therefore there would presumably be 48 actually on strength at the present time.

Mr. Howard: I do not know what qualifications you look for in these individuals or what salary structure is offered to them but in view of the qualifications required for such a position, which I appreciate must be fairly high, is the minister of the opinion that the salary structure is sufficient to attract capable people or would more capable people be attracted by higher salaries?

Mr. Fulton: The hon. gentleman will notice that the starting salary for combines investigation officers is $5,400 and rises through various grades to $11,000 for combines investigation officers and $12,500 for senior combines investigation officers. I am informed that the salary ranges compare reasonably with the rest of the public service in similar categories of skill and qualifications and that our experience in recruiting staff at these salaries is about the same as other departments.

Mr. Howard: I am going to suggest that in all probability the staff is far too small and that if it were larger the branch, merely by being larger, would be in a better position to conduct many more inquiries than are being conducted at the moment. I am sure the minister will probably agree there are many conditions existing across the country involving organizations on a nationwide basis or smaller groups in provinces or municipalities that require investigation because these organizations are in fact operating contrary to the provisions of the act. If a larger number of people were employed on the staff to investigate these cases there would be a far more beneficial effect on the economy and the general public than there is at present.

I am going to make a suggestion arising particularly from what the hon. member for Port Arthur said with respect to gasoline price wars. I have also heard comments from four or five individuals in cities across Canada that price fixing arrangements are entered into between gasoline retailers in those cities similar to the situation which existed in Vancouver a few years ago but that no action is taken to deal with them. It may well be the reason is that the matter has not been brought to the attention of the director in one way or another. In any event, if these conditions were brought to his attention and if all the other illegal practices being followed which have not come to his attention were brought to his attention the present staff would be even less able to cope with such cases than it is at the present time. I suggest that there should be an ample increase in the numbers of the staff in order to police the provisions of the act properly.

Extensive amendments were made to the act in 1952 and I suggest that since then individual corporations, feeling that it is beneficial to their business from a profit point of view to operate combines for fixing prices or to restrict distribution, markets, warehousing or anything else in order to ensure control of a certain market and the highest possible income, are finding ways and means of escaping the eye of the director. In past years it has been indicated in reports of the commission that one way in which evidence of illegal combinations came to light was through extracts from correspondence between companies with respect to how they were going to carve up markets and fix prices. However, in order to overcome that they are writing fewer letters and there are more telephone conversations with respect to price fixing and other illegal acts. Therefore it will become more difficult to ferret out and discover evidence leading to the establishment of the operation of a combine, which is what is required if we are going to be able to cope with the problem.

Even though the minister may not now have any clear idea of what changes will be made in the legislation, and I hope he will not be too long in making up his mind about necessary changes, I hope that he will indicate now that there will be an increase in the staff for the administration and policing of the Combines Investigation Act in order to ensure that under our society the interests of the public will be served.

Mr. Fulton: I do not think I should let those remarks go without comment. Possibly the hon. gentleman might be interested in this general statement of the activities of the branch as at the end of the fiscal year, March 31. Sixteen new inquiries were commenced during the 1957-58 fiscal year. The number of formal investigations of possible contravention in progress at the end of the year was 30 compared with 20 in progress at the end of the previous fiscal year. The number of general inquiries in progress was 4 against 3 at the end of the previous fiscal year. Four prosecutions were successfully concluded during the fiscal year and one prosecution was commenced. The total combined staff of the restrictive trade practices commission and the director of investigation and research was 51 at the end of the 1957-58 fiscal year compared with 50 at the end of the previous fiscal year. The staff of the director included 16 investigation officers compared with 15 at the end of the previous fiscal year. There is also the competition to which I have referred which will result in an increase of anything up to five. This would be an increase of 33⅓ per cent in the investigational staff in the office of the director which would, of course, be a very substantial increase.

Therefore I do not think there is real justification for the comments made by the hon. member. With respect to the existence of the fact to which he refers, namely that companies are finding ways and means of escaping the eye of the director, I can assure him that this is far from the case. If he sat at my desk he would know about the benevolent but watchful or should I say watchful but benevolent eye that the director keeps on the activities of these companies and he would know of the feeling of business in Canada that the director is a man who is remarkably able to exercise the supervision which it is his responsibility to exercise under the legislation under which he is appointed. Therefore I do not think the hon. member need have too much fear on that score.

Mr. Howard: I am sure the minister was not trying to construe my remarks as casting any reflection upon the director.

[Mr. Howard.]

Mr. Fulton: No. I took the hon. member as saying that he questioned whether the director had an adequate staff to carry out his responsibilities. I can assure him that the experience of those concerned is that with comparatively small staff they do an enormous volume of work and exercise a very remarkable degree of surveillance over the field for which they are responsible.

Mr. Fisher: The only remark I wanted to make in connection with salaries is this. It seems to me that if most of these officers are going to have legal training there might be a special adjustment in the salary scale. I know the House of Commons has a great many lawyers in it. I know that here they get $10,000 a year approximately. Yet I understand from talking to almost all of them that this is a tremendous come-down. If we assume that lawyers in the House of Commons are average lawyers, it would appear that the wages paid to investigation officers are rather poor for people with that particular training.

Mr. Fulton: My hon. friend will appreciate that while the starting salary as reported in the blue book of estimates is $5,400, the next grade up is $7,500 and the next one is $8,300, the next $10,000 and so on. These, as they start, would be lawyers, economists and accountants who would normally be quite recent graduates from their respective professional schools. It therefore is not a case of our trying to get men who are earning large amounts in their profession and getting them to come in at small salaries. We recruit them as fairly recent graduates and then train them through the department with the increase in salaries shown here.

Mr. Fisher: My only comment is this. The fact that members start and finish at $10,000, unless they are lucky enough to become parliamentary assistants, may be the unfair part. On June 10 the minister is credited with having said in Vancouver in a speech to the retail merchants of Canada that his department is carrying out investigations into two fields, an inquiry into loss leader selling of cigarettes, electrical appliances, hardware and jewellery trade and a study of whether some types of grocery stores receive unfair price preference from the supplier; it is reported that in this address the minister said that steps are being taken to remove "artificial" obstacles to small business in Canada. This general or rather—I must be fair—slight indication of what was the meat of the minister's argument on this particular occasion I am sure would interest all of us at the present time.

As the minister is aware, across Canada—and usually out of a local marketing situation—small merchandisers are wrought up over the fact that, for example, the big chain is able to offer cigarettes so much more cheaply. The appeal of the small retailer and the small merchant is a very powerful one, as the minister himself has remarked. What is his general thinking with regard to the way in which this particular problem can be attacked by the combines investigation branch? With the number of officers that was mentioned that they had, surely it is apparent that they cannot attack this problem on a continental scale; that their way of attacking it has to be based upon picking some specific market and trying to use that as an example right across the country. I wonder just how effective that approach would be. Perhaps that is not the approach that the minister had in mind when he announced this matter. I would appreciate hearing his comments in regard to this problem.

Mr. Fulton: To mention some of the inquiries that have been instituted, inquiries into cigarettes or practices with regard to cigarettes have been instituted both in Edmonton and Toronto and also Ottawa and Hamilton; and with regard to electrical appliances in Vancouver. With regard to discriminatory prices in the grocery trade, that inquiry is a general inquiry which will take in the whole of the country.

With regard to the availability of staff to carry out these inquiries, as I have pointed out there are 30 formal investigations of possible contraventions and 4 general inquiries under way at the present time. As to what the restrictive trade practices branch might do to help small business, of course the completion of these studies will give us an indication of what should be done. If in fact it is shown that the section regarding unfair trade practices is not an adequate protection then we will know whether we require additional legislation. I might say that the most universally expressed desire of small businessmen in so far as matters in our field is concerned is for the repeal of section 34. These men say that they have lost the protection against the big chains which the resale price maintenance system formerly gave them. They say that they are now at the mercy of unfair selling practices, loss leader practices and so on. It is to give us a fresh starting point or a starting point to assess what action we can take in this department that will be helpful that these inquiries are under way.

My remarks at Vancouver referred also to the proposal made by the government to set up a small business section within the administrative machinery of government to which these men might bring their problems. Ours is only one of the aspects of the problems with which small business is faced in the field for which this department is responsible.

Mr. Fisher: The minister by his comments indicates that he is aware that there is a paradox in this whole problem of small business. The position of small businessmen and the sort of rat trap they have got themselves into appeals to us because we like the idea of the small businessman having an opportunity, especially in the line of competition. Yet to save the small businessmen in a sense we have to wipe out the advantages that very large organizations are able to obtain through competitive means. I wonder whether the minister can express an opinion or his views on whether, if the small businessmen or the small merchants are given the kind of legislation that will enable them to get away from this unfair advantage that they feel the big companies have, we will be getting ourselves into the situation where we are actually denying the whole essence of the legislation itself which is to encourage competition.

Mr. Fulton: I think I must say that the hon. gentleman has put his finger on the very problem that we have to wrestle with. I do not know that I can do much more than put the matter in that way. It is certainly the policy of this government, as I understand it, to encourage the maximum degree or the maximum number of independent enterprises. The traditional way of putting the matter is, of course, whether you want to see the small independent corner grocery maintained or whether you want to see people served by a chain store. To reconcile the steps which may be required to be taken to protect the small independent operator on the one hand with the desire to maintain the maximum of competition on the other hand is the problem with which we are faced. That is one of the thorny problems towards which this study is directed. It is not an easy one to solve. That is why I make no forecast as to when I will be in a position to make a recommendation beyond saying what I have said, namely that we hope we can resolve our thinking on this and other aspects of the matter in time to make recommendations for next session.

Mr. Fisher: I should like to leave this question by making these two points. I had a conversation the other day with a gentleman who told me several years ago about a combine that was operating in the fine papers business. As the minister knows, proceedings were taken. There was an investigation followed by some prosecutions. The information

he gave me was that so far as he was concerned, and he is in the specialty field dealing with retailers and wholesalers of paper, the combine is just as strong as ever despite what may have taken place. I asked him to give me this information in printed form with signatures so that I could use it. He refused because he said he was thinking of his own protection. I just wanted to make that point. This gentleman felt that this particular situation still exists despite the activities of the combines branch and the prosecutions that have been undertaken.

I believe I mentioned this other point last year. It has been brought to my attention again by a man in the automobile business who refused to put his name to a sheet of paper because he is involved with one of the big automobile manufacturers. He insists that there is a system of kickbacks arranged so far as the financing of automobiles is concerned, depending on the volume of business done. In other words a man who is selling cars and who has a very large volume of business is able to arrange for certain kickbacks with the acceptance corporations at the beginning of a year's financial operations which give him a much better margin on which to work in selling the cars on credit than the smaller dealer is able to obtain.

As I say, I asked this man to put these facts on paper but he said if he did he would just get himself into trouble since most of the people about whom he would be complaining were in the business with some of the acceptance corporations and some of the large automobile companies. I should like the minister to have his commissioner take an interest in this problem, if possible, to ascertain if there is any substance to this charge.

Mr. Fulton: I can assure the hon. gentleman we will be very glad to do that. I can assure him also that if any person feels a reluctance to reveal his name or put the matter in writing, if he calls at the office of the director he may be seen personally and the interview will be entirely confidential. It may well be that if information is given which results in a prosecution, at that stage witnesses might have to come forward. Certainly, however, in the preliminary stages, until we get the matter advanced to the point where a decision as to further action has to be taken, an interview can be entirely confidential.

Indeed I see no reason why the name of an informant should not be confidential throughout until it becomes a matter of gathering evidence. As I said a few moments ago, it would seem to me that the gathering of that type of evidence would not involve revealing the name of the person who first gave the lead to the inquiry. I think it would be safe for me to assure my hon. friend that he can tell his informant that if he cares to come to the office of the director of research and investigation there can be a discussion there that can be kept confidential.

Mr. Fisher: Last year I had an interview with the director, and he was kind enough to give me some advice in connection with pulpwood prices. As you know, if you can get six people to request an inquiry it has to proceed. I was supremely confident that I could get six people. I landed home in my constituency and went canvassing, but I have to be quite frank and say I was only able to get two names, although I could get dozens of people who would agree with the general complaint. It is for this reason I know that particular section of the act does not work too well in initiating investigations. I am hopeful that the commissioner will not hesitate at all to act on his own initiative in following these leads. We welcome the assurances that have been given that the minister gives his whole-hearted support to these activities.

Mr. Howard: May I ask one other question? The other day the minister, in response to a question of mine, indicated that Mr. Meighen in the city of Winnipeg—

Mr. Fulton: Brandon.

Mr. Howard: —in the city of Brandon, had been retained to study the evidence relating to the acquisition of Manitoba Sugar Company by B.C. Sugar Company, and to proceed with a prosecution if he felt there was sufficient evidence. Could the minister indicate what the position is with respect to that matter at the moment?

Mr. Fulton: The counsel named is studying the evidence. He was instructed on July 10 and we have not had a report from him as yet. It is a little early to expect one.

Item agreed to.

165. Office of investigation and research, $446,321.

Mr. Richard (Ottawa East): I should like to ask the Minister of Justice if the director of investigation and research, under the Combines Investigation Act, either independently or through the royal commission on patents, has made any recent study to ascertain whether the Canadian patent system has been used by the holders of Canadian patents in a manner that might be considered to be detrimental to industrial growth in Canada?

Mr. Fulton: I am informed that the office has not made any study of patents, as a general study of inquiry. Patents do come up

incidentally in connection with our cases and are then dealt with on an ad hoc basis.

Item agreed to.

Penitentiaries—

167. Administration of the office of the commissioner of penitentiaries, including $60,000 for grants to recognized prisoners' aid societies, as may be approved by the treasury board, $518,701.

Mr. Winch: I should like to ask the Minister of Justice—

Mr. Fulton: Would my hon. friend permit me to interrupt a moment? We allowed item 158 to stand, remission services. Before we go on to penitentiaries, may we either revert to that or carry it as part of the department itself?

The Chairman: Shall 158 carry?

Some hon. Members: Agreed.

Mr. Winch: On 167 again, then, may I say that I realize the present minister has only been in this post since June of last year. I am wondering whether or not it is possible now for him to give a review of his study of the penitentiary situation since he has taken office, and what he has in mind for the future with reference to that type of institution. I know that we will have before us in a few days a motion for second reading of the parole bill, so I am not going to discuss that phase of penitentiaries. Only a few days ago the minister announced that he hopes, within a period of the next two months, to have a meeting between his departmental officials and the attorneys general of the provinces concerning the major sections of the Fauteux report. Even although these announcements have been made by the minister, could he give us a little more information as to just what he has in mind with regard to the penitentiary system itself, and the inmates who have to be in these institutions. I have not visited all the penitentiaries in Canada, but I have been through some.

An hon. Member: For how long?

Mr. Winch: O.k., smart boy, as an M.P., I got in and got out. I hope I always will be able to get out. I hope the Minister of Justice will not mind if I draw to his attention the fact that penitentiary buildings in Canada are hopelessly outdated and antiquated. One has only to visit them to know that.

So my first question to the Minister of Justice is this, and I address it to the minister through you, Mr. Chairman: how can you, as Minister of Justice, believing, as I am sure you do, in modern penology, in particular from the point of view of rehabilitation, hope to achieve any success with completely outdated and antiquated institutions? And we have as yet had no pronouncement of any policy of change with respect to the capital structure of the penitentiaries themselves.

Go to Kingston, and visit that institution. I am not questioning the work of the warden, his deputy or his officers. I think they are trying to do a wonderful job. But how can they do the job they are expected to do? How can you, as Minister of Justice, obtain the results you hope you can obtain by a new approach when you have an institution so antiquated and outdated? I hope the minister can give us at least some indication as to his thoughts along this line with respect to the modernization of these penal institutions so that they may coincide with modern penology and its thinking on the subjects of supervision, treatment and rehabilitation.

Further, when we think of penitentiaries—and this is not a nice subject—we have to study those who are in these institutions, and I was disappointed when I read the report of the commissioner of penitentiaries for the period ending March 31, 1957 to note that 12.94 per cent of the population represented people under 21 years of age and that of the 703 persons who were under 21 years of age at that time only 232 were in prison for the first time. Thus, of those in the penitentiaries in the year under review the majority even of those under 21 years of age were recidivists. That should make us ask ourselves whether our penitentiary system is working out satisfactorily with respect to these young people.

At the same time as I studied the report of the commissioner of penitentiaries I read for the same period, the report of the warden of the Okalla jail in British Columbia which deals with the same subject. I note that the warden says in his report at page BB9:

> The increase was made up partly from the growing numbers of teenagers who, for lack of adequate alternatives to delinquency, and a deficiency of preventative services in the community, are not being dealt with in time to avoid the inevitability of sending them to prison.

And in this report—I am speaking now of the report of Warden Christie, who, I think, is outstanding in the field of penology in Canada—it is pointed out that there is a need for facilities for those awaiting trial, for proper segregation and for psychiatric treatment and psychological advice.

I should like to return now to the report of the commissioner of penitentiaries in which it is pointed out that 12.94 per cent of the prison population were under 21, and of the 703 people represented by that percentage approximately 400 were recidivists. I know how deeply the minister feels about this

problem; I know he has a bill on parole coming before us, and I know he is arranging this meeting in two months time with the attorneys general and his officials, but in view of the seriousness of the situation and in view of the outmoded capital structure of our penitentiaries I wonder whether the minister could give us an indication of his views and of the progress of his investigation and, possibly, his hopes and aspirations as to what may be achieved in the not too distant future.

Mr. Pickersgill: Before the minister replies, I wonder whether he could also say what the situation is with respect to Newfoundland where I believe there is not, in fact, a penitentiary.

Mr. Fulton: I think I should explain at the very beginning with regard to what I must say in reply to the hon. member for Vancouver East that I must sound a note of caution, since any program I outline, tentative though it may be, is not one which I could say would be fulfilled in the near future.

I think we are confronted with a major task here in bringing the penal system into line with the best thinking as to what a panel system should be. An enormous amount of capital expenditure must be made if the plans which we are developing now are to come to fruition. I think that for this reason, as well as for the reason that it is going to take time to train staff and that we may well have to assume responsibility for a very substantial increase in the population, both the physical and the financial implications of this program may well dictate that it be carried out in stages, perhaps three separate stages of, maybe, five years each.

Perhaps I should deal at this point with some of the things which are now being done. The hon. member has stated that our penitentiaries are antiquated as buildings. Perhaps they are not quite as antiquated as that bald statement, accepted without modification, might indicate, because I am informed there has been a substantial rebuilding program over the past number of years in the institutions themselves, quite apart from any new building program. In Kingston, for instance, to mention one example, three shop buildings have been completely rebuilt since 1954. And, to speak of new institutions, a new federal training centre was opened at St. Vincent de Paul in 1952. That is a completely new building, as well as a new departure.

Mr. Winch: Is that Collin's Bay?

Mr. Fulton: No, that is the federal training centre at St. Vincent de Paul in Montreal. The new institution at Joyceville was started last year in 1957. Its construction is well on now. We have a small number of people there and hope it will be ready for full occupancy in the summer of next year.

In addition there is a completely new building—it will almost be an institution in effect—to be started again at St. Vincent de Paul the authority for which is given in the supplementary estimates this year. An appropriation of $800,000 is being asked for to start the building of that new institution at St. Vincent de Paul.

There is at the present time a substantial building program both recently completed and in progress but we recognize that this building program has been designed and is designed to take care only of the present penitentiary population and to some extent the anticipated increase in penitentiary population under the present division of responsibilities between ourselves and the provinces. We recognize, therefore, that this new building program is designed only to take care of that portion of the penitentiary population for which we are responsible now and even then we know we shall soon have to be starting new buildings in addition to those I have mentioned just to take care of our own responsibilities. It becomes obvious then that if and when we accept responsibility by agreement with the provinces for a very considerable increase in the number of prison inmates, namely all those sentenced to terms of over six months, our capital requirements for building are going to be vastly increased. It is a question of whether we can meet that problem in part at least by taking over some of the provincial institutions in which these men are now accommodated or whether we are going to find we have to provide entirely new buildings for them and until, therefore, our discussions with the provinces are completed we will not know the full extent of our building requirements in this field although we are aware, as I say, that in order to meet the expansion of our own present responsibilities, owing to increased population and so on, we are still going to have to continue with a building program.

What are the sort of things then that we have in mind as other measures of reform? I have said we are fully conscious of the need for new buildings and new types of buildings and our problem is the contemplation of the implementation of that program although, as I say, it is going to have to be stretched out over a period of years. Therefore, what we have to do is design a program.

What about some of the non-physical aspects of our thinking? There are such

matters as the training of staff in connection with the line of thinking we are now following with regard to parole, for instance, which is designed to return as quickly as it is possible to do so the maximum number of prisoners to lead a useful life in society outside the walls of a prison rather than inside. In order to make that program workable and realistic and to ensure that it serves the best interests of society we are going to have to have considerable increases in trained staff so the parole system will be an advantage rather than a disadvantage. That is a matter involving both physical as well as financial outlays as well as administrative problems in recruiting and training staff and problems of consultation with the various institutions, universities and so on where a good deal of the initial training, schooling or education of that type of staff should take place. Schools of social work will be involved.

Then there is the question of the type of facilities which will be provided. There are the recommendations of the Fauteux commission in this respect, of course, as to segregation of types of offenders. That, of course, if carried out increases the number of institutions that may be required and so it involves both an administrative as well as a financial problem. Then there is the other important recommendation for reception centres where prisoners might be classified before they are committed to the final institution in order that they may be sent to the right type of institution where the right type of rehabilitation training designed to suit the needs of that prisoner would be available. In a country as wide as Canada it might be impossible to have only one reception centre. We may have to have more than one and I believe the ideal objective would be a number of reception centres adjacent to the pentientiaries so that the transportation costs and delays might be cut down. The reception centres in turn would require classification staffs, men or women trained in the assessment of prisoners, in assessing their need and the type of rehabilitation they require so they may be properly assigned to the proper institution when the proper institution is available.

I say these things in order to indicate the line of our thinking. We are attempting to develop a scientific and socially adequate system of penology in Canada, one designed to serve the best interests of society and designed to keep our prison population to a minimum —that is, the population inside the prison walls—and to ensure that men committed to prison receive the type of consideration, education, handling and rehabilitation training that they need and which is designed to return them as quickly as possible as useful members of society rather than as continuing enemies of society.

I would conclude this summary of the sort of program we have in mind by saying it must be realized it is going to be an expensive one in terms of dollars. I doubt very much—and I think this warning should be sounded and sounded now—if we are going to be able to point to savings in terms of dollars. Our population is growing. Probably the numbers coming into prison for the first time will continue to increase. What we want to cut down on is on the number coming back to prison. This is indeed going to be an expensive program and, as I say, we probably will not be able to point to savings in terms of dollars. But I believe that when it is established on the basis we envisage we shall be able to point with pride in Canada to the fact that we have brought our system up to date and to the fact that we are achieving substantial savings in terms of social and sociological results.

Mr. Winch: Mr. Chairman, before the minister concludes would he comment as to what special attention is now being given to the very serious problem I mentioned of the high rate of recidivism amongst penitentiary inmates under 21 years of age. There appears to be a serious problem when we read that 12.94 per cent of those in penitentiaries are under the age of 21. According to the last report out of the 703 under that age 471 were recidivists. Is there any special attention being given to that problem now?

Mr. Fulton: Yes. Along with the attention being given to the problem of recidivism generally I think a proper reading of the figures referred to by my hon. friend would establish that while the figure refers to those under 21 who have previously served jail sentences they may not be recidivists in the sense that they have served a penitentiary sentence but may have been in some other form of prison.

Mr. Winch: They have been in jail or reformatory?

Mr. Fulton: Yes, that is right. This is a problem, of course, and perhaps in part it will be solved by a more adequate parole system. As my hon. friend knows one of the things we are working toward is a national system of parole. Under that system we may be able to cut down the rate of recidivism particularly on the part of young offenders. As my hon. friend also knows there are only two provinces at the moment in which there is any parole system so there is a great gap across this dominion where there is no system of parole which involves in part the training and rehabilitation of young offenders. I would hope that the new parole system might have

a substantial influence on the rate of recidivism, or the rate of repetition on the part particularly of young offenders; but I should say also we are very much concerned with and very much aware of the rate of recidivism generally on the part of penitentiary inmates.

Mr. Winch: Almost 80 per cent.

Mr. Fulton: Yes; recidivism in the penitentiary, that is, those who have served previous penitentiary terms, is something in the neighbourhood of 40 per cent, but it is true, that some 80 per cent of the total population of our penitentiaries have served previous prison sentences, reformatory sentences, and so on.

Mr. Winch: It is a real problem, then.

Mr. Fulton: It is, indeed.

I would like to answer the question of the hon. member for Bonavista-Twillingate. The arrangement we have with Newfoundland is that those from that province sentenced to terms which would ordinarily involve going to a federal penitentiary are accommodated in jails of the province within Newfoundland, under an arrangement whereby we pay a per diem per capita cost. The number so accommodated has gone down in the last 10 months from 48 to 31 at the present time, so that we are happy to say, and I am sure my hon. friend is proud to say, that the number of penitentiary sentences coming from Newfoundland is not great.

Mr. Pickersgill: I am sure it is the most law-abiding part of Canada, sir, but I wonder whether the minister can say a word about women prisoners; are there any?

Mr. Fulton: I am informed there are no women prisoners from the province of Newfoundland who have been sentenced to two years or more.

Mr. Crestohl: Under the same heading, will the minister inform the committee what steps have been taken or are being taken, or what consideration is being given to the problem of juvenile delinquency? I particularly address myself to Bill No. C-20 which is on the order paper and which was introduced by the hon. member for Bellechasse. I wonder whether the minister would facilitate the passage of this bill which is a private member's bill?

Mr. Fulton: Mr. Chairman, I do not really think that the question of juvenile delinquency is relevant to the consideration of this particular problem. I would be glad to answer the hon. member's particular question and say that I am looking forward to the opportunity of discussing his proposal with the hon. member for Bellechasse. I think there are some implications to it that we would both like to discuss before accepting it fully, as I have indicated to him already. There is much in what he has said and we are discussing the proposal with him.

Mr. Winch: I have one question. I am trying to decide how to put myself in order and ask it. The only way I can do it is this. I refer to the question of capital punishment which comes under the Criminal Code and therefore under the Minister of Justice. If the minister could give us some information on this I would be interested to hear it. When a person is sentenced to capital punishment it takes place in a provincial jail and not in a penitentiary. I ask the question for one reason. We have come to the point where capital punishment is under the Criminal Code and therefore under the Minister of Justice, but the sentence is carried out in a provincial jail. As long as as we have this most vicious system, is there any way by which the Minister of Justice can see that it is not carried out within the confines of the jail itself, with the consequent disruption and heartbreak of the inmates and the employees? As the minister knows, that is the situation in British Columbia.

Mr. Fulton: There are a number of considerations which I think indicate or argue in favour of confining the person under sentence of death to jail in the province. For instance, there is the matter of appeal. It is necessary for him to be in constant communication with his lawyer whether the appeal be through the courts or whether ultimately appeal be to the governor in council in the exercise of the prerogative of mercy. In addition, there would be the occasion of the last visits from relatives and friends of the sentenced person. I think all of these considerations argue in favour of the retention of that man in jail close to his home.

Mr. Winch: Is it possible for the minister in his capacity of Minister of Justice and almost the court of last resort as to whether a man dies or not, to say that as long as we have capital punishment it will not be carried out within the confines of the prison, as is the case in British Columbia. There it is carried out right in the confines of the main building itself, which means—I will not describe what it means—that all the inmates know that a man has died, the staff know that a man has died right inside the confines. There was the recommendation of the joint committee of the Senate and House of Commons that if you have to retain it, it should not be done inside the jail.

Mr. Fulton: I am inclined to agree with my hon. friend on that point. I remind him that, as he said, it is difficult for me to keep in order. When he raises this matter under this item I think he is getting dangerously close to the margin.

Mr. Winch: I had to have some way of doing it.

Mr. Fulton: I think I can only answer in this case by saying that inasmuch as the responsibility is that of the provincial authorities, then the acceptance of the recommendation depends on their views in that regard. I am quite certain that they would be impressed by the recommendation of the committee and that as and when they find themselves able to do so they may consider instituting that reform.

Item agreed to.

169. Construction, Improvements and Equipment, $2,817,305.

Mr. Bourget: Just a moment ago the minister said that the department was going to depart on a new construction program. He will recall that when the Minister of Public Works was in opposition he often recommended to the administration of the day that all construction be transferred to the Department of Public Works. I am asking the minister whether any discussion has taken place between the Minister of Public Works and himself looking to the transfer of construction of penitentiaries to the Department of Public Works?

Mr. Fulton: No, Mr. Chairman, no discussion looking to the transfer of penitentiaries construction to public works has taken place, but when I was acting minister of citizenship and immigration we did have discussions with regard to the construction of Indian schools. Certainly, changes were instituted in that regard.

Mr. Pickersgill: That had already happened.

Mr. Fulton: No; changes were instituted in that regard while I was acting minister. With respect to penitentiaries, the technicalities involved do not make it desirable from that point of view.

Progress reported.

THE ROYAL ASSENT

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

Ottawa, August 7, 1958

Sir:

I have the honour to inform you that the Honourable Mr. Justice J. H. G. Fauteux, acting as Deputy of His Excellency the Governor General, will proceed to the Senate chamber today, the 7th August, at 5.45 p.m., for the purpose of giving the royal assent to certain bills.

I have the honour to be,
sir,
Your obedient servant,

J. F. Delaute
Secretary to the Governor General
(Administrative)

The Royal Assent

[*Later:*]

A message was delivered by Major C. R. Lamoureux, Gentleman Usher of the Black Rod, as follows:

Mr. Speaker, the Honourable the Deputy Governor General desires the immediate attendance of this honourable house in the chamber of the honourable the Senate.

Accordingly, Mr. Speaker with the house went up to the Senate chamber.

And being returned:

Mr. Speaker informed the house that the Deputy Governor General had been pleased to give, in Her Majesty's name, the royal assent to the following bills:

An act for the relief of Annie Allish Watson.
An act for the relief of John Spence Brown.
An act for the relief of Verne Alfred Freeman.
An act for the relief of Davina Betsy Snow Campbell.
An act for the relief of Jack Spinner.
An act for the relief of Claude Hector Proulx.
An act for the relief of Mary Florence McLelland Pringle.
An act for the relief of Robert Maurice Sherwood.
An act for the relief of Margaret Jeanette Young Warmington.
An act for the relief of Mary Isabella Cross Davidson.
An act for the relief of Rita Firestone Flax.
An act for the relief of Dorothy June Pearce Tribble.
An act for the relief of Anne Rottermund David.
An act for the relief of Gordon Edwin Limbrick.
An act for the relief of Helen Paperno Bogatin.
An act for the relief of Joseph Victor Cyril Goyer.
An act for the relief of Henry Joseph Haggett.
An act for the relief of Ethel Roe Emond.
An act for the relief of Frederick Wilson Abbott.
An act for the relief of Gilda Rosen Silverman.
An act for the relief of John Luczko.
An act for the relief of Anita Fischer Staub.
An act for the relief of Margaret Irene Dawe Mays.
An act for the relief of Janine Lafontaine Frost.
An act for the relief of Lydia Feodorovna Ovchinnikova Lipsman.
An act for the relief of Donald Malcolm Gangin.
An act for the relief of Marie Louise Plourde Auld Emard.
An act for the relief of Ralph Murrin.
An act for the relief of Bruno Giovanni Albertini.
An act to implement a Convention between Canada and Belgium for the Avoidance of Double Taxation with respect to Income Taxes.
An act to implement a Convention between Canada and Belgium for the purpose of extending to the Belgian-Congo and the Territory of Ruanda-Urundi under Trusteeship the Convention between Canada and Belgium for the Avoidance of Double Taxation with respect to Income Taxes.

An act to amend the Prairie Grain Advance Payments Act.

An act to amend the Prairie Farm Assistance Act.

An act to amend the Animal Contagious Diseases Act.

An act respecting Canadian Pacific Railway Company and certain wholly owned subsidiaries.

An act respecting The Catholic Episcopal Corporation of Timiskaming.

An act respecting Ogdensburg Bridge Authority.

An act respecting The Algoma Central and Hudson Bay Railway Company.

An act to amend the Canadian Farm Loan Act.

An act for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1959.

SUPPLY

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

DEPARTMENT OF JUSTICE

169. Construction, improvements and equipment, $2,817,305.

The Deputy Chairman: When the committee was interrupted we were considering item 169.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

The Deputy Chairman: We are discussing vote 169.

Mr. Winch: On this item I wish to ask the Minister of Justice one question. This vote is for construction, improvements and equipment. Could I ask the minister if this is the entire vote that is required by his department, or is there any additional vote under the Department of Public Works for any construction whatsoever.

Mr. Fulton: The vote for construction under the penitentiaries branch is entirely within this department. We have, however, a supplementary estimate, so this main item is not the only one we have. But nothing in this respect comes under the Department of Public Works.

Mr. Winch: No vote of any kind under the Department of Public Works?

Mr. Fulton: That is correct.

Mr. Winch: May I ask that the Minister of Justice should maintain the principle that this vote always remain within his department, and not come under the Department of Public Works? The treasury board has, of course, power to transfer it. Here, he has always got the money.

Mr. Crestohl: I should like to ask the minister a question under the same heading. In constructing or repairing penitentiaries does the department use its own architects, or does it engage the services of architects of the Department of Public Works, or does it invite independent architects to do the drafting and make suggestions.

Mr. Fulton: In connection with penitentiaries generally, the policy is that because they are specialized institutions they require a specialized type of construction and so on, and we have therefore developed within our own department, and within the penitentiaries branch a specialized staff of architects and engineers for this purpose. With respect, therefore, to the preparation of plans for the design of institutions, our own staff exclusively are engaged on this work, and we do not retain the services of outside architects or engineers. However, with respect to some special projects—I could mention the sewage disposal plant at Joyceville as one example —which are to some extent not of a peculiarly penitentiary aspect, we do, I think, retain the services of outside consultants with regard to the preparation of the plans.

Mr. Crestohl: I can understand that the designing of a penitentiary may be best done by men who have specialized in that work, but with regard to the discharge of plans and specifications, specifications particularly, I should think that is within the scope of work of the architects employed in the Department of Public Works and that their services might be utilized in the interest of economy.

Mr. Fulton: I think if the hon. member were to ask the Minister of Public Works, he would be told that the staff of his department is fully engaged on the department's present construction supervision and engineering projects. We have, as I say, developed a specialized staff within the department and it would therefore seem to me, at least at present, to be a duplication if, having prepared the plans and being familiar with their requirements and specifications, we should then turn the work over to another department for supervision and construction when our own staff is qualified to do this work.

Mr. Woolliams: I should like to ask the minister a question with reference to Alberta. As the minister knows, a person who is convicted in Alberta is sent to the Saskatchewan penitentiary at Prince Albert. I should like to ask the minister whether there has been any discussion with the provincial government of Alberta, in the light of the Fauteux report, with the object of working something out about the setting up of a penitentiary in Alberta.

In my early days in Calgary, I got to know something about the jail situation in that city, and I said some years ago, and I think it bears repeating, that if John Howard were to walk in and see the jail situation in the city of Calgary he would be just as shocked as he was at conditions 200 years ago, because they only have 19 beds and on many occasions they have 50 customers. Some arrangement should be worked out between the federal government and the province with regard to a penitentiary. I might also mention that Drumheller is in the Bow River constituency, but the chamber of commerce is most anxious that if there is going to be a penitentiary built in Alberta it should be just outside of Drumheller.

Mr. Fulton: I understand the question to be this: have there been discussions between my department, or the penitentiaries branch and the government of Alberta with regard to the construction of a penitentiary in that province. I think the answer must be that I have discussed this matter informally with the deputy attorney general of Alberta whom I met shortly after I was appointed Minister of Justice. I discussed with him some of our problems in connection with penitentiary construction and some of the problems arising out of the Fauteux report. The deputy attorney general indicated to me that they themselves had certain plans in contemplation for the construction of provincial jails, and said that it would be helpful if we could give an indication of whether or not we were prepared to accept the Fauteux committee recommendations regarding this government accepting responsibility for provincial sentences to terms of over six months, since this would help them to finalize their plans. I explained the difficulties we had in making a final decision, some of which I have referred to earlier, such as the physical and financial obligations we should have to assume if we accepted such a responsibility, and I explained our general plan of making a study in our own department after which we would communicate with provincial attorneys general and call a conference.

I know that the government of Alberta, together with governments of other provinces, is anxious to have this conference. We have now arranged for it to take place some time in the month of September of this year. But apart from this informal and personal discussion I am informed there has been no correspondence between this government and the government of Alberta on the subject.

Mr. McFarlane: Mr. Chairman, with your indulgence and that of the committee I should like to first pose a problem and then suggest a remedy. In my riding in British Columbia there is a small city called Fernie. During the past year this city has been hard hit by the closure of the coal mines in that area. Fernie was a one-industry town. We are now seeking a means to bring back the stabilization of the economy of Fernie. One means by which this could be accomplished would be through the establishment there of a penitentiary. There are several points in connection with the establishing of a penitentiary in or near the city of Fernie which I should like to bring to the attention of the hon. minister.

The city of Fernie is an ideal location for a penitentiary. We have two roads, one eastbound and one westbound in the same location. Air, rail and bus transportation facilities are available. Not far from the bus transportation there is a plot of land consisting of 1,600 acres which could be available for the construction of a good-sized penitentiary in the area. I would respectfully request the hon. minister to give full consideration to the possibility of locating a penitentiary in this area.

It has been brought to my attention that there is a tendency on the part of the Department of Justice to centralize penitentiaries across the province. Hon. members will agree that many of the larger industrial concerns in Canada have found that it does not pay to centralize too many departments or plants in one area. I suggest that decentralization of penitentiaries should be taken under consideration by the hon. minister and his department.

I have heard it stated that a problem exists with respect to a lack of opportunities for the rehabilitation of prisoners after they have left a penitentiary. In the city of Fernie and in the Kootenay East area opportunities are available for the rehabilitation of released prisoners. I have been advised that the residents of the lower mainland of British Columbia do not wish to have a penitentiary constructed in that area. There is in Fernie a considerable amount of arable land which is potentially good farm land available in my area for the construction of a penitentiary. In several places the available land would amount to several hundreds of acres.

Although the city of Fernie would be close at hand to the site of any penitentiary that might be constructed in the area and would provide attractive homes for the employees of the institution there would be no danger of the city encroaching on the penitentiary area as has happened in many other areas where penitentiaries have been constructed. The city of Fernie offers every facility offered by a well-established community. It has a golf course, an ice skating rink with artificial ice, and has available ice curling

on artificial ice, swimming facilities, skiing facilities complete with tow rope and offers opportunities for hunting, fishing and other sports.

Mr. Winch: Is that part of the penitentiary area?

Mr. McFarlane: The establishment in Fernie of a penitentiary would have the effect of bringing people into the area and providing the personnel of the penitentiary with an attractive community in which to reside. We have a modern gymnasium with badminton facilities, churches of all denominations, modern schools, a modern hospital and medical centre, a good library, theatres and closed circuit television. The establishment of a penitentiary in this area would also help to revitalize and stabilize the economy of the city of Fernie which has been damaged as a result of the closure of the mines and it would have an equally beneficial effect throughout the Kootenay East area. The proposal for the establishment of an institution in this area has been supported by the chamber of commerce, the service clubs and various organizations throughout the province of British Columbia.

This morning I attended a meeting of the committee on external affairs where I observed that we were prepared to spend over $35 million under the Colombo plan. May I say to the minister that charity begins at home. Before closing my remarks may I also point out that in the area of Fernie we have water and power facilities and all the other things required to provide an ideal site for what could be one of the best penitentiaries in western Canada. I would urge upon the Minister of Justice consideration of the proposal to establish a penitentiary in the city of Fernie thus bringing about the revitalization of the economy of that area.

Mr. Fulton: Mr. Chairman, I should like to say that I appreciate what has been said by the hon. member for Kootenay East and to assure him that I am well aware of the interest of the city of Fernie and the district surrounding it in the establishment of a penitentiary there. I wish to assure the committee that the hon. member for Kootenay East has been most assiduous and has left no stone unturned in bringing to my attention the desire of those in that area for such an establishment and the reasons which occurred to them why it would be a suitable area for the location of a penitentiary.

I have discussed the matter with the hon. member personally and, as he knows, I have had correspondence from the mayor of that community which I have also discussed with him. I can tell the hon. member now, not having had an opportunity to do so before this, that earlier this morning I was in telephone communication with the chairman of the industrial development committee of the Fernie board of trade. The interest of the area in such an establishment there is well known to myself and to the officials of the department and particularly those of the penitentiaries branch.

I have tried to be as frank in the matter as I can. Knowing the economic situation in that area I felt it would be grossly unfair to hold out any hope or expectation which might not be possible of fulfilment. I have therefore had to explain some of the considerations which would have to be taken into account in determining where a penitentiary will be located. There are, of course, two aspects to this problem. The one is related to the establishment of a new penitentiary under our present responsibility in which case certain considerations would have to be borne in mind which I have communicated to the hon. member, particularly with respect to the desirability of having reasonably available and adjacent to such an institution the facilities for a rehabilitation training program. I have also pointed out that with respect to any new building program which may be dependent upon an agreement with the provinces for the assumption of the extra responsibility referred to in the Fauteux commission report, namely the assumption by us of responsibility for those receiving a sentence of more than six months, there may be some different types of institutions to be built or provided by the federal government. I assured them that with respect to both the extension of the existing and present penitentiary building program and the construction of new types of institutions which might be made necessary after the provincial conference and as a result of any agreement arrived at we will bear in mind to the fullest extent the interest of the Fernie area and I can repeat that assurance here.

However, I do not think it would be fair for me to go beyond that assurance because until we know just what it is we are going to have to provide we ourselves will not be able to determine what building program we will have to undertake and therefore it would not be sensible for me to indulge in speculation now as to what locality we will select to establish any new institution.

In addition, of course, I must in fairness to all the other municipalities and areas interested point out that ever since it has been indicated that we are eventually going to embark on the construction of new institutions in western Canada some 100 or more municipalities or areas have pressed upon the

department the peculiar suitability of their area for such an institution.

We will have to survey the whole available field and, in fairness, I think I must say that when we make a decision it will have to be made in accordance with what seems to be the best program of building that we can devise.

I close, however, by assuring the hon. gentleman that in making that decision we will bear the interests and the facilities of his area fully in mind.

Mr. Crestohl: Mr. Chairman, before we approve the final vote I wonder whether the minister would be good enough to let me put a question to him under vote 162. I understand that item has been agreed to. In putting my question to the minister it is not my aim to modify the vote. My question has to do with judges' salaries.

Mr. Fulton: That takes us back to the departmental item. Vote 162 relates to the administration of justice in the Yukon Territory.

Mr. Crestohl: There is a "S" following it.

Mr. Pickersgill: That is statutory.

Mr. Fulton: That is a statutory item.

Mr. Crestohl: I know. My question is not aimed at modifying the vote. I want to ask whether recently any consideration has been given to the question of augmenting judges' stipends?

Mr. Fulton: Yes, Mr. Chairman, that matter is before us at the present time and is under consideration but I indicated earlier in the house, I think, that we did not expect to be able to do anything about it at this session, but we have it under consideration for future action.

Mr. Herridge: The minister has replied to the hon. member for Kootenay East with respect to his request and I listened to his reply with great interest. In view of the fact, I understand, the proposed sites in Kootenay West are not considered suitable for a penitentiary, of which I was advised some two years ago, I want to support the representations of the member for Kootenay East. We in the Kootenays must stick together. We have been very concerned about this for a long time and he knows the circumstances very well, both the geographic, the physical and the economic, and I am sure the minister does. Now, Mr. Chairman, it seems a bit ironic in this civilization that we have to propose the building of a penitentiary to provide employment for those outside the penitentiary looking after those who are inside. That is a fact. However, Mr. Chairman, if finally the government cannot see its way clear to build a penitentiary in the location suggested by the member for Kootenay East I do hope, having by that time a full knowledge of the desperate circumstances which exist in Fernie owing to the closing down of the coal mine, it will bring in a national coal policy which will in another direction solve this economic problem.

Mr. McLennan: Mr. Chairman, the hon. member for Kootenay East and the hon. member for Kootenay West are talking about a penitentiary which is now situated in the centre of the city of New Westminster. It is not often that a city wants to move an institution which has a payroll and a purchasing power such as that of the British Columbia penitentiary; but as far as the city of New Westminster is concerned, it will be very glad to get rid of it because it is situated in the centre of the city.

I predict that within 20 years it will be situated in the centre of the greater Vancouver area. We in the city of New Westminster feel that the penitentiary is located on a spot that is unsuitable for that purpose. It is situated in the centre of a growing district, one of the most populous districts in the province of British Columbia. I would ask the minister for assurance that within the next five or 10 years the penitentiary will be moved. I would support the request of the hon. member for Kootenay East to have the penitentiary moved to his riding or to his district of Fernie, if that is suitable, or to any other district that is more suitable for a penitentiary rather than leaving it in the centre of a great area like the greater Vancouver area.

Mr. Pickersgill: Mr. Chairman, before the minister replies may I say I am sure that the hon. member for New Westminster is quite right in predicting a wonderful future for this area. I would hope that some thought would be given to the taxpayers who bought this land on which the penitentiary rests and that the land would not be sold but would be retained by the crown so that the rents would help to alleviate our taxes.

Mr. Fulton: The hon. gentleman knows that he is speaking of policies which are beyond my responsibility; that is, the policy with regard to disposal of property if the penitentiary is moved from New Westminster. But I think we are all getting a bit beyond ourselves because no decision has been made in that regard. I can only say that I am fully aware of the interest of the city of New Westminster in the matter and that due account is being taken of it and will be taken

of it in connection with our building program as and when we are able to finalize that program.

Item agreed to.

A—Department—

566. Departmental administration—further amount required, $50,800.

(Translation):

Mr. Pigeon: Mr. Chairman, I do not want to delay unduly the passing of the estimates of the Department of Justice, but I should like to take advantage of this opportunity this evening to congratulate the Minister of Justice who, I know, is laying the groundwork of some kind of strategy for a more effective struggle against obscene literature by those who are responsible for public morality and order. I know that the minister realizes the seriousness of the problem and that he is prepared to solve it. It is more than ever urgent that some effective legislation be enacted as soon as possible. Let us hope that the following steps will be taken:

1. Include in section 150 of the criminal code a "practical" definition of the word "obscene";

2. Amend the criminal code to make it possible to serve a summons, as is now done in Great Britain, upon the newsdealer or bookseller who has been found in possession of publications considered obscene, so that he might put forward his objections, if any, to a court order for the destruction of the said publications;

3. Prevent publishers from making "package" deals that is to say from forcing newsdealers or booksellers to take "all or nothing", as is currently done at the present time;

4. Extend the charges under the act to the publishers of obscene literature.

As long as the above-mentioned steps are not taken, groups now campaigning against obscene literature will be hampered in their activity. I realize the difficulties of the problem. It is a matter of getting rid of obscene publications without interfering with the freedom of the press. This calls for a precise definition of the words "obscenity" and "freedom".

At the present time, our courts base their interpretation of "obscenity" upon a judgment rendered in 1868 by a British court and according to which "the criterion of obscenity consists in deciding whether the matter charged as obscene tends to deprave or corrupt those whose minds are open to such immoral influences and in whose hands such a publication might fall." That definition is not so bad. It would be a matter of deciding whether a publication is such as to cause moral prejudice. Mr. Raoul Mercier, crown attorney for the county of Carleton has used that definition with some success already.

Nevertheless I will go along with the Minister of Justice when he states that it could well be more "practical". Personally, I would prefer a provision which would prohibit publication and distribution of any or all literature whose chief characteristic is the exploitation of one or several of the following subjects: sex, crime, immorality, horror, cruelty and violence.

With regard to the freedom of the press, it should be remembered that liberty is not synonymous with licence. The press is not "free" to corrupt and deprave morals, even under the guise of "information". That is the basic principle upon which the minister should guide himself if he wishes to amend the criminal code.

I would most heartily approve of any of the above amendments, especially those aimed at prohibiting "block sales" or "package deals". There are publishers now who require a dealer to buy objectionable publications if he wishes to buy the others. That is an intolerable practice. It is really deplorable that a certain number of publishers and newsmen should attempt to make money by the exploitation of the basest instincts of their readers. Some specialize in detailed description of crime. They plunge their readers in the blood of the victims and in the dark inner recesses of the murderer's heart. Others exploit sex for all it is worth. Finally, there is a third class of objectionable and nefarious publications. I have reference here to those committed to the spreading of rumours, to scandal-mongering, and muck-raking. They fling mud right and left, and especially up.

Most professions have boards which impose proper ethical standards upon their members. There should be such a disciplinary body among newspapermen, who could assume on their own behalf the defence of the genuine freedom of the press by the elimination of corrupting undertakings that are a menace to this fundamental social freedom.

How are we to deal with the widespread circulation of this large number of objectionable publications which corrupt the minds and hearts of our people?

1. Amend the criminal code;

2. Encourage people to refuse to buy filthy publications;

3. Promote good reading by urging educators to encourage appreciation of good literature by young people.

Finally, I ask the hon. Minister of Justice to amend the Criminal Code as soon as possible so as to do away with unwholesome publications. It is urgent. Obscene literature is to

a great extent responsible for juvenile delinquency which is a burden for the state and costs huge sums to governments. A tide of juvenile delinquency is sweeping over our cities. It is the most accute problem of our age, next to atomic weapons.

I urge promoters of all morality campaigns to keep up their good work.

In the diocese of Joliette, there is, as at L'Assomption, a committee against bad literature. I congratulate these people and encourage them to continue their struggle in co-operation with municipal associations and authorities. I would be very happy if the hon. minister could in the near future, amend, if possible, the Criminal Code in that sense.

Mr. Richard (Ottawa East): Mr. Chairman, allow me to say a few words in support of the remarks just made by the hon. member for Joliette-L'Assomption-Montcalm (Mr. Pigeon), about obscene literature.

I have no doubt that the minister has trouble finding ways to eradicate that cancer that has crept into our literature. I therefore believe that we should give him our support in his effort to find, as soon as possible, an appropriate definition of obscene literature either through an amendment to the criminal code of by some other way, so that our people might be saved from that scourge.

Mr. Fulton: Mr. Chairman, I thank the hon. member for Joliette-L'Assomption-Montcalm (Mr. Pigeon) and the hon. member for Ottawa East (Mr. Richard) for their kind words.

I thank particularly the hon. member for Joliette-L'Assomption-Montcalm (Mr. Pigeon) for his constructive suggestions. This subject is being studied right now, and I can assure him that special consideration will be given his suggestions.

(Text):

Mr. Herridge: Mr. Chairman, for over forty years the Kootenay country has suffered from lawlessness and various forms of violence which in recent days have been extended to the Okanagan. This matter is of most serious concern to the people residing in the interior of British Columbia, possibly of more concern than ever before in our history and, of course, of serious concern to all in Canada who are concerned with this social problem. In past years we have suffered the burning of schools, the burning of houses, the bombing of railroads, the bombing of power lines on repeated occasions, recently the bombing of a bus station and the bombing of a good number of other sites throughout the Kootenay district.

The latest apparent evidence of the continuance of this lawlessness is the number of forest fires lately which are considered by the forestry branch of the province of British Columbia as having been caused by persons who set them deliberately. Anyone who has lived in our district knows what it means in a dry period such as the last two months to fear the starting of forest fires by arson. So the situation is very serious indeed and in some respects tense.

I have refrained so far this session from making any comments on the matter because I was of the opinion that while discussions were going on between the representatives of the government of Canada and representatives of the government of British Columbia no good purpose would be served because this is far too serious a matter for anyone to attempt to make political capital out of it or take any political advantage. I was hopeful that the minister's visit to British Columbia, his discussions with certain persons there and his later correspondence with the premier of the province would result in some co-operation between the federal and provincial governments to formulate a program to deal with the problem in a constructive way not only in the immediate future but in the days farther ahead.

I am not underestimating the difficulty. Before proceeding, may I say that I have discussed the matter personally with the minister on a number of occasions and I am fully aware of his keen interest, his great concern and his willingness to co-operate with the province of British Columbia and with other persons who want to do something to remedy a situation that has existed for so many years. However, Mr. Chairman, time is flying. It is now some weeks since discussions first commenced and I understand that the government of British Columbia made representations to the federal government for assistance in this matter. Apparently no program has been established to date as the result of co-operation between the two governments and so violence and lawlessness continue.

You can well understand the attitude of the residents of the district, municipal officials and other authorities. They are becoming increasingly concerned about what appears to be the failure to design a constructive program as a result of federal-provincial co-operation, and I am of the opinion that it is going to take close co-operation between the federal and provincial governments as a result of agreement to meet this very serious situation effectively. The situation is such that the people of the district I have the honour to represent are demanding that

concrete evidence be given that there will soon be an adequate program to meet it.

I am not going to take the time to go into all the details. The minister is very well informed because he has kept in close touch with the situation through his officials in Ottawa, through the R.C.M.P. and no doubt through correspondence with the government of British Columbia. However, I want to ask the minister two questions. In view of the seriousness of the situation and the concern of the people directly affected, being the people of Kootenay West and at the present time the Okanagan—I trust this social disease will not spread any farther—will the minister inform the house of developments to date with respect to the government's response to the application from the government of British Columbia for assistance and with respect to any agreement that has been arrived at to date or that they expect to reach in the near future?

I want to ask another question. In spite of the fact that the Sons of Freedom have publicly stated only recently, in the most concrete form to date through Mr. Moljelsky their leader, that they are willing to emigrate to the Soviet union on certain terms—and I think the minister no doubt has read the dispatch—would the minister inform the house of this government's response to this latest, shall I say, official offer from the acknowledged leader of the Sons of Freedom for that body to emigrate to the Soviet union provided certain terms are met with respect to expenses, transportation and citizenship.

Mr. McFarlane: At this time I should also like to take the opportunity to support the hon. member for Kootenay West with respect to the situation in west Kootenay. This has been a problem to us in east Kootenay as well as west Kootenay for a number of years. I wish to bring to your attention, Mr. Chairman, the seriousness of the situation in that area.

Mr. Fulton: With the concern of the hon. member for Kootenay West and the hon. member for Kootenay East over this problem there will be genuine understanding and agreement, Mr. Chairman, because those gentlemen reside in the areas most directly concerned. I appreciate the approach made to the problem by the hon. member for Kootenay West. I appreciate his statement that he knows I am concerned with it on behalf of the province from which I come and particularly on behalf of the residents of the province most affected. He has asked me two specific questions. The first one was would I inform the house of developments with regard to the response of the government of Canada to a request from the government of British Columbia for assistance in dealing with the problem. The second one was, in view of the fact that the Sons of Freedom sect have recently made a statement indicating their willingness to return to Russia—in fact their wish to do so—on certain conditions, would I make a statement as to the position of this government. I think I must answer those two questions together.

I went to British Columbia in response to a request originating with the provincial secretary on June 9, taking with me the deputy minister of justice and the commissioner of the R.C.M.P. We met there with the premier of the province, the assistant commissioner of the R.C.M.P.—that is the officer in charge of the division of police in British Columbia—the deputy attorney general and the provincial secretary. We discussed in general the whole aspect of the Doukhobor problem. Then our discussion moved on to consider a specific proposal put forward by the province. I am not at liberty at the moment to divulge the nature of that proposal because discussions are still taking place, but I can say now by way of anticipation that I expect that a decision will be reached in the course of the next few days.

After we had these discussions and after my return I put the position of the British Columbia government, both generally and with respect to the specific proposal, before my colleagues here in cabinet and, as a result of our consideration of the request, I wrote to the premier of the province on June 21 indicating the view of this government with regard to the general situation and also the attitude of this government with respect to the specific proposal which had subsequently been discussed and indicated to the government of British Columbia how far we were prepared to go in co-operating and in adopting that proposal as a solution to the problem.

I received a letter from Premier Bennett dated July 3 discussing in part the general situation and then referring to the specific proposal and saying that this answer to our letter of June 21, indicating how far we were prepared to go and the co-operation we would extend, would be forthcoming in the near future. I did not have any further correspondence with or communication from the province on that matter until the evening before last when I received two telegrams from Premier Bennett dealing in detail with the specific proposal on which he had said on July 3 that he would let me know further. In other words, I received his further answer the night before last, which would be August 5. At the

same time, or about that same time the Sons of Freedom sect issued their statement with regard to their wish to migrate to Russia on condition that certain specific assistance would be given by the government of British Columbia and the government of Canada.

All I can say in addition, I think, is that I have had discussions, first of all with my departmental officials and the R.C.M. Police and then with my colleagues in cabinet here with regard to Premier Bennett's telegrams of August 5, and I had a telephone conversation yesterday with the attorney general of British Columbia in which I indicated to him that we expected within the matter of the next few days to be able to let the government of British Columbia have a definitive reply to their telegrams of August 5. The whole matter, of course, is being considered in the light of the statements made on behalf of the Sons of Freedom at about that time with regard to their possible movement to Russia.

With regard to the details of the discussions between ourselves and the government of British Columbia I cannot say more until the conclusion of our negotiations. As soon as any agreement is arrived at I expect that it would be embodied in a joint statement issued on behalf of the two governments. Until that time I think the discussions must remain confidential.

I am hopeful that an agreement can be arrived at which will represent a step forward in dealing with this problem or at any rate in isolating it so that constructive solutions may then be arrived at. I am sure that my hon. friend will appreciate that since these discussions are actually current and exchanges of telegrams and telephone conversations are continuing, I could not say more at the present time.

Mr. Herridge: I appreciate that fact.

Mr. Fulton: However, I can assure the hon. member that we are as aware of the urgency of the problem as he is. We hope that the current discussions will result in a statement and a joint approach by the two governments which will be useful and constructive in arriving at a solution.

Mr. Pickersgill: I should just like to ask the minister one brief question about his statement. I would assume that if an agreement were reached between the government of Canada and the government of British Columbia in this matter before the session is concluded which would involve any expenditure of money, some provision would have to be made for that expenditure, and that procedure would give us an opportunity to discuss the matter here in the house. If, however, that result was not possible but the agreement was reached before the end of the session I would hope that the government would endeavour to make it possible for us in some way to discuss any arrangement that is arrived at in a matter as important as is this one.

Mr. Fulton: I, of course, cannot give the hon. gentleman any specific assurance at the present time because no agreement has been reached. However, I think I can meet him in the spirit in which he puts forward the proposal and say any solution which involves an expenditure of money by this government would properly have to be presented to parliament, and it would be our desire to do that during the current session if we could reach an agreement in time to make that possible.

Mr. Caron: Can the minister tell us exactly what are the duties of the Solicitor General?

Mr. Fulton: If my hon. friend will read the statutes which create the office and with statutory authority for the appointment of the minister who has the title of Solicitor General he will see the general basis for his position. In addition to that there is an order in council passed shortly after this government assumed office which sets out in detail the duties of the Solicitor General. I cannot recall from memory the provisions of that order in council or the duties embodied in the order in council, but it was duly reported in the *Canada Gazette*.

Mr. Caron: My reason for asking this question is that I have looked in the index to this new book issued by the Secretary of State entitled "The Organization of the Government of Canada", and there is nothing about the Solicitor General. A person of this importance in the government of Canada should at least appear in the index.

Mr. Fulton: If there is an omission from the blue book, we will be glad to rectify it. As I say, if my hon. friend will consult the proper authorities, namely the statutes of Canada and the *Canada Gazette*, he will find there an official description of the position and duties of the Solicitor General.

Mr. Pickersgill: I recognize, Mr. Chairman, that we should discuss this question on the first item of the estimates of the Secretary of State. However, this publication was brought into this house the other day by the Secretary of State as the latest official information on the government of Canada, published by the government of Canada. As the hon. member for Hull has pointed out, it seems to have a very glaring omission.

Mr. Balcer: As I am the subject of this discussion, I just want to say a word to the

hon. member for Hull. If he will look under the Department of Justice he will see that the second name in the Department of Justice is that of the Solicitor General.

Mr. Caron: I accept the opinion of the Solicitor General that he is the helper of the Minister of Justice.

Mr. Fulton: If my hon. friend will take the trouble and the courtesy to read the statute he will see that that is the position created by the statute and not by this government.

Mr. Caron: I read the French version of the statute, and in French it says—

Mr. Fulton: Perhaps if my hon. friend would read the blue book then he would present to the house the full picture rather than a partial picture he is now presenting.

Mr. Caron: The French version of the statute says:

(Translation):

An official appointed by the governor in council to assist the Minister of Justice in his functions.

(Text):

If this is the correct definition, then I accept what the Solicitor General said, that he should appear under the heading of the Department of Justice as the minister's helper.

Mr. Pickersgill: I have one very brief question upon which I may wish to make some comments later. Has the minister considered any amendments to the Criminal Code or to any other statute in order to strengthen the law against sedition?

Mr. Fulton: Certainly not at this session; I think the Prime Minister intimated yesterday, or possibly Monday, the additional legislation which was to be introduced in this session. The list did not include any further amendments to the Criminal Code.

Mr. Pickersgill: Is the minister reasonably satisfied with the present state of the law in that regard?

Mr. Fulton: The minister has this matter, along with other matters under his responsibility, constantly under review. At any time it occurs to him or is brought to his attention by his advisers that changes are necessary or advisable, he will take the matter under consideration.

Mr. Pickersgill: The reason I ask the question is that I have in my hand three press clippings. The first one is from the Toronto *Telegram* of April 30, 1948 in which the present Prime Minister, then the member for Lake Centre, was quoted as having told the University of Toronto old boys at their annual dinner at the Royal York, and this is in direct quotes:

> We should consider amending the Criminal Code in respect to communists who shoot off their mouths against the state, and our way of life. I say those whose sole desire is to undermine should either go behind the iron curtain or be behind iron bars.

That is the end of that quotation. Then, in the Toronto *Telegram* of September 10, 1948, the Prime Minister was reported as having made a demand that "real teeth"—and that is in quotation marks—be put into the law so that communism can be effectively curbed.

Then as recently as March 19, 1954 the Prime Minister, speaking to the Ottawa public schoolteachers institute, said that a change should be made in Canadian laws of treason, and I quote, "To meet the changing conditions that the kremlin has brought about." It did seem to me, sir, in view of the very pressing nature of the problem as envisaged by the Prime Minister, that the government would perhaps by this time have given consideration to this matter.

Mr. Fulton: I might point out that the hon. gentleman is so hard up for subject matter with which to delay the house he had to go back ten years, to 1948.

Mr. Pickersgill: To 1954; that is not so long ago.

Mr. Maloney: I am glad to have this opportunity, Mr. Chairman, to put forward for the consideration of the Minister of Justice, within whose jurisdiction these matters come, a few suggestions that would involve amendments to the Criminal Code—

Mr. Winch: Would the hon. member speak up? We cannot hear him.

Mr. Maloney: —to the Canada Evidence Act and to some other related federal statutes. I have no doubt that at the next session of parliament the Minister of Justice will be bringing forward some amendments to these statutes and I should like to think he would bear in mind the suggestions I am about to make, with a view perhaps to including these among any amendments he might then propose to introduce. I do not boast of any particular qualifications to discuss these matters other than the experience I have had in the process of law over a number of years, and particularly my connection as counsel for the defence in a number of criminal cases.

Arising out of that experience I think I have had an opportunity to see something of the need for the changes I am about to suggest to the minister and which I hope he will bear in mind. I want to speak very briefly first about our habitual offender legislation. With reference to the legislation now applicable to habitual offenders, section 660 of our Criminal

Code which provides for their preventive detention classifies a person as being a habitual criminal if:

(a) he has previously, since attaining the age of eighteen years, on at least three separate and independent occasions been convicted of an indictable offence for which he was liable to imprisonment for five years or more and is leading persistently a criminal life, or

(b) he has been previously sentenced to preventive detention.

The experiment with preventive detention for habitual criminals began in this country in 1947 and we, therefore, have the benefit of 11 years' experience with its operation. It had been recommended in 1938 by the royal commission on the penal system of Canada known as the Archambault commission.

The habitual offender in Canada is not treated very much differently from the ordinary penitentiary inmate and is not housed in a separate institution. The total number of persons presently undergoing preventive detention in Canada as habitual criminals is 53. The distribution of these individuals among provinces is as follows: British Columbia, 13; Alberta, 5; Saskatchewan, 5; Manitoba, 10; Quebec, 2; Ontario, 13; New Brunswick, 1; Nova Scotia, 4; Prince Edward Island and Newfoundland, none. The majority of individuals now undergoing preventive detention as habitual criminals were convicted of offences against the Opium and Narcotic Drug Act—in British Columbia, 7; Alberta, 4; Manitoba, 9; Ontario, 11 and Quebec, 1—making a total of 32.

Our Criminal Code provides for a review by the Minister of Justice of each case every three years, the idea being to determine whether or not the person undergoing preventive detention should be permitted to be at large on licence. It is open to the minister to conclude that he should not be released and it is, therefore, quite possible that such an individual would spend the rest of his life in prison.

Once an individual has been found to be an habitual criminal he is permanently removed from the jurisdiction of the courts. He has no right to be represented by counsel at the time of these periodic three-year reviews by the minister. The minister is not required to give any reasons for his refusal to grant a licence and there is no appeal from his judgment. If a man is released he can be rearrested and taken back into custody without resort to the courts or without the protection of a public trial. As I have already pointed out, the number of persons proceeded against as habitual criminals and found to be such since 1947 is 53.

It goes without saying that large numbers of individuals now at large and never proceeded against under this provision of the Criminal Code could properly be found to be habitual criminals. The main reason why proceedings are not initiated against such persons is the perfectly understandable reticence of the majority of permanent crown officials to invoke proceedings the effect of which could be to doom a man to a possible lifetime in penitentiary. This is a reticence with which I have every sympathy and I do not wish to be taken as meaning that wholesale prosecution under this legislation should be instituted against everyone now at large who could be found guilty.

However, the fact remains that the legislation in its application has been inexcusably discriminatory. Only 53 persons have been selected out of a much larger number to be proceeded against in this way, to be removed forever from the jurisdiction of the court, to become subject to the whims and fancies of particular police officers, crown officials and others. All this strikes me as being alien to some of the most ancient and sacred principles of our criminal law.

When this legislation was first introduced into parliament the then minister of justice, Mr. Ilsley, was far from being positive about it, for at page 4685, column 2 of *Hansard* for that year, he said:

While legislation of this kind was recommended by the Archambault commission, the government has no wish to be dogmatic about the necessity for it, and while recommending it, is prepared to give careful consideration to any views which may be expressed by members of the house regarding it.

It is interesting to read the contributions to the debate at that time of some of the hon. members of the house. I think that our experience over the last 11 years confirms the apprehensions that were voiced by some of them at that time. For example, the present Prime Minister, had this to say as recorded at page 5058 of *Hansard* for 1947:

Criminal law being what it is, it should be uniformly enforced in all parts of the dominion without regard to the wishes of individual attorneys general. In this section there is a marked departure from the uniformity which should be aimed at. This section means that for the first time in the history of our criminal law there will be a departure from uniformity of application in all parts of the dominion.

And further on, the present Prime Minister said in the same context:

I urge upon the minister that this introduces into our criminal law a lack of uniformity, in that a person in one province may be prosecuted as a habitual criminal, whereas if the same person committed a crime in another province he would not be subject to prosecution.

The hon. member for Cartier at that time, Mr. Hartt, put it rather aptly in my opinion when he said:

I am wondering whether we are not committing a crime against criminals.

It strikes me now in the light of our long experience with the law that the objections of the various members of that day were well taken and they showed a foresight which the subsequent administration of the law has tended to confirm.

There has been a complete and utter lack of uniformity in the application of the law. The frequency of prosecution has varied from province to province. Specially appointed federal prosecutors in cases under the Opium and Narcotic Drug Act have been far more prone to resort to the use of this legislation than have the ordinary crown attorneys of the various judicial districts. When one considers the crushing effect of an indeterminate sentence and stops to realize to what extent a man's freedom for the rest of his life is subject to the whims and fancies of a few police and prosecution officials, and when you further consider that the Criminal Code already provides adequate penalties for all of the offences contained in the Code, it seems to me that it is now time to consider that the experiment with this legislation has been a failure and that it should be abolished.

Dealing with the right of crown counsel to cross-examine a prisoner on his previous criminal record, the practice today as prescribed in section 12 of the Canada Evidence Act, permits crown counsel to cross-examine any witness—including an accused person who gives evidence on his own behalf—about any previous conviction for a criminal offence.

There is no limitation whatever on this right. When an accused person is tried by jury the law imposes upon the trial judge an obligation to caution the jurors where evidence of the criminal record of the accused has been adduced in cross-examination, that such evidence is relevant only to the credibility of the accused witness, and he must also admonish them against using it as evidence that he is the sort of person who would be likely to commit the offence for which he is on trial.

Speaking from a long experience I think I can safely say that the prejudice created by disclosure of a criminal record is overwhelming, and no amount of caution by the trial judge in conformity with the rule I have mentioned is adequate to disabuse the jury's mind of its harmful effects.

The prospect of being cross-examined on a criminal record has dissuaded many accused persons from giving evidence and in my opinion over the years large numbers of accused men have been convicted either because of the prejudice resulting from a disclosure of their criminal record or from their failure to testify by reason of it. They might, if neither of these factors had existed, have been acquitted.

I recall so well in personal experience the case of an accused person whose criminal record consisted of eight previous convictions for serious offences. On the occasion on which I was acting in his defence he was charged with the murder of his brother. The account he gave to me of the circumstances, which was to some considerable extent confirmed by two other witnesses, ordinarily would have furnished him with a good defence of self-defence. If such a defence were to have prevailed he would have been acquitted but because of his criminal record it was unsafe for him to testify in his own defence because of the prejudicial effect that disclosure of his record on cross-examination would have had. A conviction for murder might well have been the result. He was duly convicted of manslaughter and notwithstanding the jury's recommendation for extreme leniency the trial judge imposed a sentence of fifteen years imprisonment.

I am in the fortunate position of being able to say that the recommendation that I am now putting forward received the unanimous endorsation of the Canadian bar association at its annual meeting held in Ottawa in September 1955. In that connection the bar association urged that section 12 of the Canada Evidence Act be amended so that as amended it would provide that while the right of cross-examination on the record of a person charged and called as a witness would not be abolished it would be greatly curtailed. For example, it could be brought out that a previous conviction had been registered against the accused witness if proof of that conviction were relevant to prove the guilt of the offence with which he was charged; and also if he personally or by his advocate asked questions of the witnesses for the prosecution with a view to establishing his own good character; or if he gave evidence of his own good character; or if the nature of the conduct of the defence were such as to involve imputations on the character of the prosecutor or the witnesses for the prosecution; or if he gave evidence at the same trial against any other person charged with the same offence; or if he had previously been convicted of perjury. The bar association recommended that this unlimited right as it now exists which I submit is an unfair right should be curtailed.

It will be observed that this change does not and is not intended to interefere with the present practice of proving the criminal record after a conviction has been registered for the purpose of assisting the magistrate

or judge to determine the appropriate sentence. It is my belief that this change is long overdue.

The next change for which I feel a serious need exists arises out of section 624 subsection 2(b) of the Criminal Code. This section reads as follows:

> The time during which a convicted person
> (a) is at large on bail, or
> (b) is confined in a prison or other place of confinement pending the determination of an appeal by that person, does not count as part of any term of imprisonment imposed pursuant to his conviction, but paragraph (b) is subject to any directions that the court appealed to may give.

As you can see from the provisions of the section I have just read, where a convicted offender exercises his right to appeal his conviction, no part of the time that it takes to bring the appeal on for argument counts as part of his sentence in the event his appeal is unsuccessful unless a special order directing that it should count is made by the provincial court of appeal.

I can recall in Ontario that up until about eight years ago invariably the court of appeal, which had dismissed the appeal of a convicted offender, would direct that the time served in custody pending the appeal should count. It was only very, very rarely that such an order was refused. We grew to expect it as a matter of course. Then an abrupt change in this practice occurred for reasons that were really never made very clear and the exact reverse became the rule. Since then, in the great majority of cases where an appeal is unsuccessful the court will refuse to direct that the time served should count and the prisoner's sentence therefore does not commence to run until the date upon which the appeal has been disposed of.

This certainly has had the effect—a highly undesirable effect in my opinion—of reducing to a very exceptional degree the number of criminal appeals brought before the court of appeal. The fear that there may be delay in prosecuting his appeal and that his appeal might fail has tended to dissuade many a convicted offender from going to the court of appeal to have his conviction and the trial proceedings that lead up to it reviewed.

I have often felt that if a practical method could be worked out every conviction—certainly for a major crime—should be reviewed by an appellate court. I cannot help but think that if the conviction of everyone serving a sentence in our Canadian penal institutions were today reviewed the result would be to flush out of prison large numbers of inmates either by virtue of some irregularity at trial or for some other reason. In saying this I do not wish to be taken as meaning that our prisons are filled with innocent persons. The point I am trying to make is that, in my opinion, there are many persons serving sentences as a result of trials which an appellate court would, on review, find had not been conducted according to law.

Delay in proceeding with an appeal is not ordinarily the fault of the accused man. The delay is usually occasioned by the delay in receiving from the court reporter the transcript of the notes of evidence taken at the trial. It will often be the fault of the counsel for the defence and sometimes the fault of counsel for the crown, and on occasions—especially when judgment is reserved for a lengthy period of time—the fault of the court of appeal itself. It does not seem right that a prisoner should be penalized by reason of a delay for which he was not responsible.

The present law works a hardship also in the case of convicted offenders who are unable to furnish bail pending the hearing of an appeal. In the case of a first offender whose crime has not been one of violence, or of exceptional gravity, it is usually possible to secure his release on bail. He suffers therefore no hardship by the present operation of the law, but the first offender, who is poor and is unable to furnish bail, is thereby discriminated against. As one who believes that the court should constantly be developing, applying and interpreting our law, I find a good deal of difficulty in accepting a policy such as the one that now prevails which in its application discourages appeals. I strongly urge, therefore, that the Criminal Code be amended so as to provide that time served in custody, pending the hearing of the appeal, should count as part of the sentence as a matter of course.

Finally, I would like to say a word in respect to minimum sentences. There are certain offences in respect to which the magistrate or judge has no discretion. He must impose a minimum mandatory penalty. For example, theft of anything from the post after it is deposited in the post office and before delivery is an offence under section 298 of the Criminal Code for which a term of imprisonment of not less than six months must be imposed. So also in the case of second and third convictions for driving while one's ability is impaired or for drunk driving and so also in the case of offences under the Opium and Narcotic Drug Act, and indeed for a number of offences under other federal statutes as well.

We all read in the Toronto press some months ago of the case of a young woman charged with theft from the post—theft of an ordinary letter—as a result of which she netted nothing except a few pennies and

the magistrate was reluctantly required to impose the minimum penalty of six months in a case in which it was apparent he felt suspended sentence would have been the proper dispositon. It is true she was quickly released on ticket-of-leave but all others are not so lucky.

In cases under the Opium and Narcotic Drug Act, any person in possession of a drug must be sentenced to a minimum mandatory period of imprisonment of at least six months. I have personally witnessed the application of this provision in the case of a helpless drug addict for whom suspended sentence and treatment would have been the answer. It was the case of a gentleman who, with the assistance of his wife, had over a period of about two years by the most enormous exertions of his will succeeded in overcoming his drug addiction. As a result of an altercation in which he had become involved he was rendered unconscious and brought to a hospital, whose authorities of course were unaware of the history of drug addiction and drugs were administered to him to ease the pain and in consequence the former appetite which he had succeeded in overcoming was revived. After a period of about six months he was arrested and charged with illegal possession of narcotics. Medical evidence that was called at his trial, where he pleaded guilty, established that he was capable of cure and that he had been responsive to treatment and that he should be permitted to continue this treatment. I can still recall—notwithstanding the eloquent efforts of crown counsel to obtain the severest possible penalty—how much anxiety the trial judge felt when he imposed that minimum sentence of six months. His personal desire was to place the accused man on suspended sentence and probation to enable the course of treatment to be followed but his hands were tied by a law which, in my respectful opinion, was and is iniquitous.

When they receive their appointments our judges and our magistrates are deemed to have common sense and good judgment and, in my opinion, they should be given the power to use this judgment unfettered by statutory rules concerning minimum sentences. I would ask the minister, Mr. Chairman, to bear in mind the suggestions I have just made. Thank you.

Mr. Fulton: Mr. Chairman, I do not think that the remarks of so eminent and qualified an authority as the hon. member for Parkdale should be allowed to go unanswered or without an expression of appreciation and tribute. Very few members of this house are better qualified by background, experience or aptitude to speak on the subjects to which the hon. member has just addressed himself and I assure him that I personally and the officials of my department both appreciate and will study closely the suggestions he has made.

With respect to two of them, I think I can dispose of the matter quite shortly by saying that we are fully prepared to—and to some extent may almost have anticipated the desire of the hon. gentleman—have those matters looked at.

With respect to habitual criminals, we are certainly prepared to admit the necessity and the desirability of having a look at the provisions to see what, if any, modifications should be made in those provisions.

With regard to the right to cross-examine an accused on his criminal record, the same thing applies. We are prepared to have a look at this, to study this in the light particularly of the recommendations of the Canadian bar association. It is my impression, based on recollection only, that at the present time the matter is before the commissioners on uniformity of the law, criminal section, for study.

With regard to the matter of time spent in confinement pending the hearing of an appeal, the hon. gentleman certainly makes a very powerful argument, although I am not quite certain I would accept every aspect of the case he has made. However, I respect his great knowledge of the subject, particularly in so far as appeals are concerned.

Mr. Winch: The man is in jail.

Mr. Fulton: Yes, I know that, but I may say that not all aspects of the argument made by the hon. member should be accepted. I am not prepared to debate them at this time because, as I said, the hon. member has made a very powerful case and one which we are going to look into.

With regard to the question of minimum penalties, here again there is perhaps some room for difference of opinion and the difference of opinion can be maintained or retained with respect for the opposite point of view. There are, however, I believe only three sections of the Criminal Code which provide for minimum penalties at the present time although there are, it is true, other federal statutes which have minimum penalty provisions. I do point out to the hon. gentleman that if there is a clear example of a case where the minimum penalty results in a sentence which is in excess of that which is appropriate under the circumstances, then the provisions of the Ticket of Leave Act, administered by my colleague the Solicitor General, do afford in general a ready remedy for that situation and, as was the case of the

woman recently convicted in connection with theft from the mails, that course was followed and there was an almost immediate exercise of the prerogative under the Ticket of Leave Act. The reason I make this point with regard to minimum sentences is that I think there is a good deal to be said for the requirement of minimum sentences in some cases in order that necessary measures of rehabilitation, reform and training may be instituted.

I admit that those sentences could perhaps be left to the discretion of the court and if it appeared to the court that the circumstances of the particular offender necessitated or justified a longer sentence in order that reform or rehabilitation methods could be instituted, then the court should adjust the sentence accordingly. But, under the present state of the law and of the training of staff and in the absence of a system—we have to admit its absence—of pre-sentence reports; in the absence of a scientific and complete system of pre-sentence reports so that one can be certain that every aspect regarding the circumstances of the convicted man are drawn to the attention of the trial judge there is, I submit, an argument in certain cases for minimum sentences and justifiable, I think, only on the basis I have suggested, namely that it may be necessary in some cases in order to permit of necessary reform and rehabilitation training to be instituted.

But having said that, I still admit to the powerful argument made by my hon. friend. I do not say this to detract from his argument and I assure him that this matter also can and will be looked into in connection with the study which it is anticipated we shall have with the attorneys general arising out of the recommendation of the Fauteux committee with respect to this matter of the bringing about of uniformity in the sentencing practices of the court. This is one of the matters up for study. Therefore, it may well be found that once the uniform practice and the pre-sentence report system have been developed, this argument I have made in connection with minimum sentences will no longer be adequate. If that can be done, then I think it would be better to leave it to the discretion of the court. That whole matter will be studied and developed at the forthcoming conference.

Item agreed to.

The Chairman: That completes the estimates of the Department of Justice.

DEPARTMENT OF THE SECRETARY OF STATE

383. Departmental administration, $282,666.

Mr. Richard (Ottawa East): Has the minister any statement to make?

Mr. Courtemanche: No.

Mr. Richard (Ottawa East): Mr. Chairman, at the outset may I take this opportunity on behalf of myself and my colleagues to offer my best wishes to the Secretary of State on his birthday. I know the position he is in this evening, this being the first time he has presented estimates to the House of Commons. I wish him well in his office, as I have done before on other occasions. This is the first opportunity I have had to say how relieved we were that in the recent accident in which he was involved he came off without injury and we hope that his very charming wife is having a rapid and happy recovery.

There is one thing that is unfortunate so far as discussion of these estimates is concerned. I refer to the fact that we do not have the reports of the different departments administered by the Secretary of State. They have not been printed and that makes our position a little difficult in questioning the minister if we have to take each item and ask for comparative figures corresponding to the report we have on hand, that up to March 31, 1957. Knowing that these reports are not at hand I trust that the minister will supply as much information as possible from his own records and will not have to be requested for details on each item from this side of the house.

The Secretary of State administers a great number of departments including, of course, one of the most important, the civil service commission. I hope that his tenure of administration will be long enough so that he may acquaint himself with the problems of the civil service and the commission. After all, the government of Canada is a very large employer and depends upon its employees to carry out the various functions of government. I hope that the minister will always consider himself the champion of his employees and be willing to answer at all times on behalf of the employees of the government. If at any time some hon. members feel inclined to deride or criticize some of the employees in the civil service, who have no opportunity to defend themselves, I hope he will rise in his place, ask for particulars and defend those who are responsible to him and the government.

I also hope that he will take great interest in the revision of the Civil Service Act. We have heard very little about the revision of the act but I understand from press reports and statements made by civil service commission officials that a study of the act has been going on for some time, something which is long overdue. Of course, the Civil Service Act was drafted many years ago at a time

when the relationship between the employees and the government and the number of employees were much different from today. I think the system has been established now that the appointment of servants of the crown should be done on a fair basis, should be done by examination, by merit, that promotions should be by merit and that all relationships between employer and employees should be the best and above the standard existing in ordinary industrial and commercial enterprises.

I think we all have reason to be proud of our civil service. I have said before, and I am sure all members agree, that the civil service of Canada is the best in the world. Our civil servants are efficient, loyal and as hard working as any other group of employees in commercial undertakings anywhere. If there is any fault involving a small number of employees it is just as negligible as in any other big business.

The problems, as I have outlined before, are mainly those relating to promotion, wages, appeals and working conditions. I hope that in drafting the new act the powers of the commission will be properly defined. In my opinion it is not clear in the minds of members of the house exactly what are the powers of the members of the civil service commission. There is always a doubt that there is some other power exercising a greater authority than the civil service commission in important matters relating to employees of the crown. Of course, I know that treasury board has to have that control which is necessary in approving expenditure and that the size of wage increases has to be subject to approval by the cabinet. But in any event I think the new act should make clear what are the powers of the civil service commission in selecting and promoting employees, hearing appeals from employees and suggesting wage scales. Once that has been established I think the government should insist that all matters within the powers of the civil service commission should be decided by the commission and that employees should have the right to appeal to the commission and be heard before a proper board with respect to any matters on which the commission grants leave to appeal.

I am not at all satisfied that at present the right of appeal with respect to promotion is satisfactory. I hope that the system will be revised. I am not satisfied either that when civil servants are dismissed with or without cause a proper appeal is provided that is satisfactory to both parties. I have had a great deal of experience in this city with civil servants and I must say, having in mind the rights granted to members of unions working in commercial establishments, that our civil servants have been very reasonable and I think they should be granted more privileges under any new act than they have been granted in the past.

I also think that the civil service commission should have the right to make more effective recommendations as to working conditions. Those of us who have lived in or around Ottawa for some time know that our establishments are not the most suitable and that, for example, objections involving ventilation, light, heat and cold are made with regard to almost all the buildings where civil servants work. I do not give credit to any former administration for having done any better but I hope that in the future the civil service commission will have the right to have a voice with respect to the new buildings which will be constructed for the government, and will have a say as to the type of equipment, ventilation, light, the size of offices et cetera so that our civil service will have working conditions which are suitable and, as I would hope, the best of any.

Sometime ago we heard that a study would be made with respect to wage increases in the civil service. I understand that at this time the civil service commission has completed its study and has transmitted it to the cabinet. I cannot hope that the minister will tell me that the wage rate has been set or that the wage increase has been granted or refused; however, I would hope that he could tell me that the civil service commission has completed its study and that it is now up to the government to decide whether any wage increases are to be granted or whether the matter is to be studied further.

(Translation):

And now, Mr. Chairman, I should like to say a few words to the Secretary of State about bilingualism. It is incumbent upon him in his new functions to see that bilingualism is respected in government documents and publications. It is also incumbent upon him to see to it that the civil service commission requires respect for bilingualism in appointments when such is required.

I should particularly like to remind him that a French-speaking candidate should not be called upon to fill only a position where the knowledge of French is required if, in addition, he can speak English. Not only should he be eligible for any position offered by the civil service commission but he should be given some preference in view of the fact that he speaks both languages fluently. The minister has expressed his opinion on this matter in the past and, now that he is a member of the cabinet, I hope that he will bring

the same attention to this problem and protect the interests of those candidates.

It is not my intention at this moment to go fully into the other branches of the Secretary of State Department. However, I should like to know if the minister will report to us on the commission under the Inquiries Act, to inquire into the working of the Patent Act, the Copyright Act, the Industrial Designs Act, and other related legislation, as well as on the trade mark service.

(Text):

As I said before, I only want to make a few remarks at this time and shall reserve other remarks on the items which will be called individually.

(Translation):

Mr. Caron: Mr. Chairman, at the outset, may I say to the Secretary of State (Mr. Courtemanche) that we are happy that though he is celebrating his birthday today this does not appear to have aged him in the least. We wish him very many happy returns of the day.

Mr. Denis: But not as Secretary of State.

Mr. Caron: No, even though he is an extremely genial gentleman that we all like to meet. I would also like to extend to his wife my best wishes for a prompt recovery.

I have no intention of detaining the house for any length of time nor to create trouble for the Secretary of State in any way. He is a most genial gentleman, that we all appreciate. I was happy at his appointment and I know that this is the first time he is bringing down his departmental estimates, something which is always difficult and somewhat unpleasant. I hope that he will not get into that habit for too long before he is replaced and that he will make good use, on this side of the house, of the experience he has acquired where he is sitting now.

As the member for Ottawa East (Mr. Richard) said a moment ago, a very important feature of our life here in Canada is our civil service. Our civil service is made up of highly competent persons, appointed after examinations designed to determine their fitness for the particular job concerned, and with no political interference. I know that at this time there is some uneasiness within the ranks of civil servants. This uneasiness has been brought about by certain members who, having made some rather inconsiderate promises, have been attacking civil servants and accusing them of meddling in politics. These people are in a most uncomfortable position at this time. As far as the great majority of them are concerned, they certainly do not deserve to be called by the names they have been called.

Some hon. Members: Oh, oh.

Mr. Caron: I hear laughter. It must be the hon. member for Roberval (Mr. Tremblay) who wants to take the floor.

Mr. Denis: He is a nervous man.

Mr. Caron: I cannot speak as beautiful French as he does, but I am better aware than he will ever be of the civil service problem, and with his dull wit, his lack of serious learning, he will never be able—

Mr. Denis: Back home we call these people "smart Alecs".

Mr. Caron: Yes, "smart Alecs", but I know some of those "smart Alecs" which are much cleverer than that one.

I was speaking about the civil service, a matter which the hon. member for Roberval cannot grasp, because of his dull wit. I was saying that some members—and perhaps he is one of them, but I am not accusing him of being one of those who could do such things—have aroused some ill-feeling in the ranks of the civil service. I believe the Secretary of State should give some assurance to civil servants that they will not be molested without at least being given the opportunity to defend themselves. If the civil servants are guilty of meddling in politics or of any other activity inconsistent with their duties, I think they should be punished as anyone else, but I believe they are also entitled to be heard and to have their case defended.

I feel that the charges which were levelled against a federal civil servant without his being afforded an opportunity to defend himself constituted an act of dishonesty on the part of the person who preferred those charges. I feel that the Secretary of State, who is a serious and able person, should take the bull by the horns and act in this matter, even if cabinet colleagues of his be the ones who abuse their power to crush certain civil servants. He should say to them: "At least, if you have any charges to make against a civil servant, you will do so in such a manner that he will have an opportunity to defend himself, to be fairly tried, as any other person should be fairly tried". The Secretary of State knows this is no exaggeration. I suggest he do what is required so that such people may be heard and may, if necessary, have some one take up their defence.

I have no intention of detaining the house too long, but I wish to talk of another department which comes under the Secretary of State, the printing bureau.

I said a moment ago that there was uneasiness in the civil service and I now say that there is also uneasiness in the printing bureau and that is due to the fact that one man, believing that ministers go but that he stays on, behaves in a high-handed way with the staff. I am referring to the queen's printer.

It is high time this man learned that even the humblest of his employees is entitled to some consideration. I have received several complaints from civil servants whose names I will not mention, for fear of reprisals. The employees are dissatisfied, but are afraid to say it openly, and I think the Secretary of State would act creditably in launching an impartial inquiry, where people could speak freely, knowing that their statements would not be repeated to the czar of that department, and I feel sure that this inquiry would uncover startling things.

I am even convinced that the Secretary of State has never been informed by the queen's printer of the many complaints made about the cafeteria. Yet, he was made aware of many complaints, which have remained in his files. Indeed, I believe that some doctors have said that the food there was unfit for consumption and that, if the employees want to stay alive, they should go and eat somewhere else.

I believe that an investigation should be made about that situation. It would be very important that such an inquiry be carried out in such a way that the complainants would not be identified. I always fear for them, since there are many ways of dismissing an employee, and if their names were known, they might not be dismissed for what they have said but some way would be found of laying them off later on for some insignificant slip. I would therefore suggest that the Secretary of State make this inquiry so that an understanding may be reached.

I know the Secretary of State means well and that he will consider the case of those employees with sympathy. If an employer or high official heading a department—because the employer is always the State—does not always act as he should towards his employees, he should be put in his place and told of his duties and responsibilities towards people under him.

(Text):

Mr. Howard: I should like to make a few remarks on the same general subject as that dealt with by the two gentlemen who have preceded me. I have always abhorred the wording for the classification "civil servants". I do not care for the title. I think it is rather a degrading way of making reference to those people who work in the service of Canada. I rather hoped that we could find some other classification or category for the people in the public service. However, inasmuch as there is no other category perhaps in my remarks I shall have to make reference to the people in the public service in an effort to avoid the use of the phrase which I do not care to use. I do not believe this phrase adds much to the stature of the individuals, those people collectively, who work in the public service of Canada in so far as their relationship with their employer, in this instance the crown or the government of Canada.

I hold the same ideas in this respect that I have held for quite a number of years and which were expressed in my own province with respect to the same group of people who work for the provincial government. We in the C.C.F. are somewhat of the same opinion as the hon. member for Ottawa East, who spoke earlier, in so far as the relationship of these people with their employer is concerned. We believe a channel should be provided, somewhat similar to that which exists for other groups of employees, by means of which grievances in connection with working conditions may be settled. Employees working for private companies, and for some crown companies in this nation, are provided with means whereby these grievances may be settled. Employees in the public service who have grievances arising out of what they may consider to be improper cause for discharge, questions of wages, hours and working conditions, should not have to adopt a cap in hand attitude to their employers. They should not have to say, please, we would like to have an adjustment in wages, or we think it is necessary for these reasons, or we would like to have a change in our working conditions, and these are our arguments for them. They should not have to say, we think that such an individual or group has been dealt with incorrectly and we think some redress should be given to them. These employees should not have to go on bended knee, as it were, and I am not being critical of the attitude of the government in this respect but merely of the relationship between employees and the crown or the government itself.

These people in the public service should be treated in the same manner as other groups of employees who come under federal labour jurisdiction. They should have the right, as some have now, not only to organize into unions representative of their type of work, but they should have the right to apply for and receive a certificate of bargaining authority. They should be in the same position in approaching their employers with respect to negotiation as are the employees of the Canadian National Railways, which is a publicly-owned corporation. They should be able to

sit down, within a certain time limit, and bargain with their employer, in this case the federal government, in connection with all matters which they consider to be subjects for negotiations.

On the other side, the government would be in precisely the same position of being able to negotiate with representatives of these employees with respect to matters that the federal government felt needed changing. May I call it ten o'clock?

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

BUSINESS OF THE HOUSE

Mr. Pickersgill: Is there any change in the program for the rest of the week?

Mr. Green: No, we shall take the estimates of the departments of national defence and defence production tomorrow.

Mr. Pickersgill: And Saturday northern affairs?

Mr. Green: I am not sure whether or not they would be called first. We may go on with the estimates of the Secretary of State.

Mr. Pickersgill: There would not be any other department? I think it would affect the plans of some on this side of the house if there were any change.

Mr. Green: If we were to finish these estimates, we would then take the items under legislation.

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

Questions

ANSWERS TO QUESTIONS

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

NATO CONTROL OF U.S. FORCES IN CANADA

Question No. 164—**Mr. Fisher:**

1. Are United States forces in Canada governed by the NATO status of forces agreement?
2. If so, were any members of the United States forces in Canada charged in service courts in 1956 and in 1957, under paragraph seven, subsection 2a of the Visiting Forces (North Atlantic Treaty) Act, 1951?
3. If so, how many?
4. Were any members of the United States forces charged in the civil courts of Canada in 1956 and 1957? If so, how many?

Answer by: **Hon. G. R. Pearkes (Minister of National Defence):**

1. Yes.

2 and 3. The disposition of all cases tried by United States service courts in Canada, where the right to exercise jurisdiction is concurrent, is reported to the attorneys general or their local representatives in the provinces in which these cases are heard. The United States forces do not maintain statistics of the reports made to the attorneys general of the provinces and the Department of National Defence has never requested the provincial authorities, who are responsible for the administration of criminal law in Canada, to keep the department informed on this matter or on the number of United States servicemen tried in civil courts in Canada.

4. Trials in civil courts are provincial matters and the federal government has not asked the provinces to provide returns.

INTERNATIONAL AIR TRANSPORT—CATERING REGULATIONS

Question No. 174—**Mr. Boivin:**

1. Has the international air transport association made regulations concerning the serving of sandwiches in lieu of meals to passengers on board aeroplanes flying to or from overseas countries?
2. If so, when were such regulations made?

Answer by: **Hon. George H. Hees (Minister of Transport):**

1. The international air transport association made regulations which prohibited the serving of meals and, in lieu, permitted only the serving of sandwiches. These regulations were made to apply only in air transportation services across the north Atlantic and in "economy" class accommodations at "economy" fares.

2. The regulations in question were adopted at the association's traffic conference meetings in November 1957 and became effective April 1, 1958, after having been approved by all the goverments concerned.

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

DEPARTMENT OF JUSTICE

158. Remission service, including $50,000 for grants to recognized prisoners' aid societies as may be approved by treasury board, $319,194.

Supreme Court of Canada—

159. Administration, $215,399.

Exchequer Court of Canada—

160. Administration, $131,238.

Northwest Territories territorial court—

161. Administration, including administration of justice—Northwest Territories, $112,730.

Yukon Territorial Court—

162. Administration, including administration of Justice—Yukon Territory, $101,170.

Other Courts—

163. Payments of gratuities to the widows or other dependants of judges who die while in office, $20,000.

Combines Investigation Act—

164. Restrictive trade practices commission, $79,120.

165. Office of investigation and research, $446,321.

166. Bankruptcy act administration, $51,133.

B—Penitentiaries—

167. Administration of the office of the commissioner of penitentiaries, including $60,000 for grants to recognized prisoners' aid societies, as may be approved by the treasury board, $518,701.

168. Operation and maintenance of penitentiaries, including supplies and services relating thereto; administration, operation, repair and upkeep of buildings, works and equipment; maintenance, discharge and transfer of inmates; compensation to discharged inmates permanently disabled while in penitentiaries, $11,774,823.

169. Construction, improvements and equipment $2,817,305.

A—Department—

566. Departmental administration—further amount required, $50,800.

567. Northwest Territories Territorial Court—administration, including administration of justice—Northwest Territories—further amount required, $5,230.

568. Yukon Territorial Court—administration, including administration of justice—Yukon Territory—further amount required, $19,500.

B—Penitentiaries—

569. Operation and maintenance of penitentiaries, including supplies and services relating thereto; administration, operation, repair and upkeep of buildings, works and equipment; maintenance, discharge and transfer of inmates; compensation to discharged inmates permanently disabled while in penitentiaries—further amount required, $143,845.

570. Construction, improvements and equipment—further amount required, $1,559,105.

Office of the Commissioner of Penitentiaries—

657. To extend the operation of the revolving fund established by vote 628 of the Appropriation Act No. 2, 1955, for the purpose of acquiring and managing any stores or materials required for penitentiary use; the amount to be charged to the revolving fund at any time not to exceed $600,000; additional amount required, $300,000.

658. To increase to $55,000 the amount that may be charged at any time to the revolving fund established by vote 543 of the Appropriation Act No. 3, 1953, for the purpose of financing the operation of canteens in federal penitentiaries; additional amount required, $15,000.

HOUSE OF COMMONS

Friday, August 8, 1958

The house met at eleven o'clock.

AGRICULTURE AND COLONIZATION

Fourth report of the standing committee on agriculture and colonization.—Mr. Stanton.

EXTERNAL AFFAIRS

CANADA-U.S.—PROPOSED JOINT CONGRESSIONAL-PARLIAMENTARY COMMITTEE

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask the Prime Minister a question. In view of the fact that the Senate foreign relations committee of the United States yesterday passed unanimously Senator Aiken's proposal for a joint congressional-parliamentary committee to consider United States-Canadian relations, may I ask the Prime Minister whether any action has been taken at this end to co-operate in that most important and desirable initiative?

Right Hon. J. G. Diefenbaker (Prime Minister): With the closing words of the Leader of the Opposition I am, of course, in entire agreement. Throughout the years, and particularly since the first occasion in 1942 when a gathering took place in the city of Ottawa of the empire parliamentary union to which seats were allocated as observers to representatives of the United States Senate and House of Representatives, it was well shown, both on that occasion and in the subsequent meetings that took place informally, what advantages can flow from a degree of consultation between private members of parliament and members of the congress of the United States.

I am very pleased to learn that the motion in question by Senator Aiken has been passed by the United States Senate, and I will bring to the attention of the house in the next few days something of a suggestion along similar lines after consultation with my colleagues and, of course, within the limitations which our constitutional system provides and requires.

With the objective I could not be more in agreement. As to the means whereby we can co-operate in this regard, further consideration must be given. I would very much appreciate any expression of views on the part of the Leader of the Opposition and other interested members, such as the hon. member for Assiniboia, in this connection so that the action taken will command the general approval of members of the house as a whole rather than being a matter of a government measure.

Mr. Hazen Argue (Assiniboia): Speaking for this group, Mr. Speaker, I am sure we appreciate the remarks of the Prime Minister. We are completely in agreement with the sentiments he has expressed, and we hope such a joint Canadian-United States legislative committee may be set up and begin to function at an early date.

Having in mind the different constitutions of both countries, I feel that such a committee would have very great benefit for Canada in particular and also no doubt from the United States point of view. I say to the Prime Minister I am sure that we would support the early convening of such a committee and would support any proposals to have it convened, if it were necessary, before the next session of parliament.

BUSINESS OF THE HOUSE

NOTICE OF PROPOSED LEGISLATION IN "VOTES AND PROCEEDINGS"

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I direct a question to the Prime Minister. *Votes and Proceedings* of this morning carries a notice in the name of the Minister of Transport that there is a new piece of legislation to be introduced having to do with the Railway Act and the regulations concerning the grade crossing fund. When there was a discussion of this matter on Monday and the Leader of the Opposition asked the Prime Minister what was the business of the house for the remainder of the session he outlined, on page 3061 of *Hansard*, what that business was to be, and there was no mention of this legislation at all.

I am not objecting to the fact that perhaps this is important legislation, but in my opinion it is so important that I doubt whether it should be brought down in the dying days of the session.

I noticed that the Prime Minister desired to rise. I do not know whether it was to interrupt me or to interrupt others, but in

any event I am asking now whether it is the intention to add any more legislation to that which has already been announced, and how this has come about.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I know there was nothing inherent in the question in the nature of a whining attitude, as somebody mentioned a moment ago. I am sorry I omitted reference to that legislation. As a matter of fact I had it on my list, and as I went down the list I inadvertently omitted reference to it, and it was the only omission I made. I hope the hon. gentleman will be able to permit that legislation to be proceeded with this session, because it will be generally beneficial in the matter of employment as well as removing a serious cause of accidents in this country, namely the degree to which grade crossings contribute to the death lists. I hope he will be able to permit the legislation to be proceeded with, realizing that sometimes one does slip up in details. I do not think it is a very serious omission, but I ask that he allow the legislation to be dealt with.

Mr. Chevrier: I think I can assure the Prime Minister that there will be no objection to the principle of this legislation. I have looked at the nature of it and on its face, without the details before us, it seems to be good in principle. I have a supplementary question. Is this, together with what was announced on August 4, all the remaining legislation which will be brought down from now to the end of the session?

Mr. Diefenbaker: As far as I am concerned the answer is yes.

Mr. Martin (Essex East): Which may be brought down.

TRANSPORT

WELLAND CANAL—INQUIRY AS TO HEARINGS ON TOLLS

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I should like to direct a question to the Minister of Transport. In view of the current intense interest in the question of tolls or no tolls on the Welland canal, can the minister indicate whether there is a chance only for a reduction in these tolls following the hearings, or whether there could be a decision not to have tolls at all?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, as the hon. member knows, hearings are going on at the present time on this matter. When they have been concluded a report will be made to me by the president of the St. Lawrence seaway authority. I shall consider the matter at that time, and will probably discuss it with my cabinet colleagues.

SHIPPING

REPORTED RESCUE OF CANADIANS BY U.S. ICEBREAKER

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I direct a question to the government. I am not too sure whether it should go to the Minister of Transport or the Minister of National Defence. According to a press report this morning it appears that a United States icebreaker has gone to the rescue of some Canadians in northern waters. Why is it necessary for a United States icebreaker to go to the rescue of these men?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I have not gone into the details. I saw a reference in a morning paper, and I would assume that if a United States icebreaker has gone to the rescue of these men it is because it was the nearest ship available for that particular task.

Mr. Chevrier: Could I ask a supplementary question and put it this way. If the C.G.S. *Labrador,* formerly H.M.C.S. *Labrador,* had remained under the Department of National Defence would it not have gone to the rescue of these men, since at this time of the year it would be in northern waters?

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, if the *Labrador* had remained under the Department of National Defence it could not possibly have known where this accident was going to occur, and it might or might not have been the nearest ship.

TRADE

GRAIN—REPORTED STATEMENT ON RESTRICTION OF CREDIT SALES

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, may I ask the Minister of Trade and Commerce if the statement made by the chairman of the Canadian wheat board, as reported in the Montreal *Gazette* of August 5, represents government policy? Mr. McNamara is reported as having said that credit sales of Canadian grain should be confined only to Colombo plan countries. Does that represent government policy?

Hon. Gordon Churchill (Minister of Trade and Commerce): I think one would have to examine the report of the agriculture committee to see exactly what Mr. McNamara

said on that occasion. Credit sales have not been confined entirely to countries under the Colombo plan, because credit arrangements have been made with Poland and Israel.

Mr. Martin (Essex East): I say this to the minister in the friendliest spirit.

Mr. Hees: Watch out.

Mr. Martin (Essex East): Would it then be correct to say that there is no foundation for this report?

GRAIN

PROGRESS OF INQUIRY INTO ALLOCATION OF BOX CARS

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I should like to direct a question to the Minister of Trade and Commerce arising out of the great interest in having the box car inquiry report made public as soon as possible in view of the new crop coming on the market in the next few weeks. Can the minister say when the report may be received and whether it will be during this session so that item No. 16 on the order paper, the resolution to provide for a transport controller, may be proceeded with if that is necessary?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, the report is in the process of being written now. It may be available before the end of the session, but I cannot be sure of the exact date when it will be made public.

Hon. Lionel Chevrier (Laurier): May I ask a question of the Minister of Trade and Commerce, supplementary to the one asked by the hon. member for Assiniboia. If the legislation standing in the name of the Minister of Transport for the extension of certain powers for the control of transport of goods is not proceeded with, will it be possible to appoint a transport controller?

Mr. Churchill: I shall take that question as notice and investigate.

NORTHERN AFFAIRS

ESKIMOS—REQUEST FOR TABLING OF REPORT ON DEATHS AT GARRY LAKE, N.W.T.

On the orders of the day:

Mr. M. A. Hardie (Mackenzie River): I should like to direct a question to the Minister of Northern Affairs and National Resources. Will the minister table the report he referred to the other day with regard to the investigation into the death of a number of Eskimos in the Garry lake area?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Yes, Mr. Speaker, that is being done.

SUPPLY

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

DEPARTMENT OF NATIONAL DEFENCE

220. To provide for the Canadian Forces, the defence research board and other expenditures relating to defence, including costs incurred in the participation of the Canadian forces in the United Nations emergency force and contributions toward the military costs of the North Atlantic Treaty Organization; to authorize expenditures in the current year out of the amount hereby provided, not exceeding $130,000,000, under the provisions of section 3 of the Defence Appropriation Act, 1950, and to provide that, notwithstanding subsection (3) of that section, where equipment or supplies are transferred, the estimated present value thereof shall be credited to this vote instead of being paid into the special account mentioned in the said subsection (3), and when so credited may be expended for the purposes of the Canadian forces; and notwithstanding section 30 of the Financial Administration Act to authorize total commitments for the foregoing purposes of $3,158,845,866 regardless of the year in which such commitments will come in course of payment (of which it is estimated that $1,350,597,670 will come due for payment in future years), $1,630,377,196.

Mr. Pearkes: The estimates of my department which are now before this committee, Mr. Chairman, have already been examined in detail by the members of the standing committee on estimates. Of course this in no way limits the right of members of this committee to ask any questions they may wish. However, at the numerous meetings of the committee on estimates which were held during the course of the past two months, my department endeavoured to present as full a picture as possible of Canada's defence effort. The hard work performed by members of the committee deserves my thanks and appreciation. The conduct of the proceedings reflects credit on the chairman of the committee, the hon. member for Calgary South. I can assure the house that a careful study will be made, both by myself and by the officials of the department, of the recommendations submitted by that committee. Many of those recommendations are most helpful, and are in line with present thought in the department.

These estimates which this committee is asked to approve were prepared a year ago, and they mark the final phase of a program which was originated to meet the conditions which existed at the time of the Korean war. You will recall that at that time the Department of National Defence increased substantially the strength of our three services, and undertook an extensive building program.

The period which began in 1950 is now coming to an end. The construction program is in the final stage, and a number of steps have been taken in connection with the reorganization of the three services.

We are now entering a new era in defence, an era when the threat of the manned bomber is being supplemented by the threat of a missile. The government will take measures to meet this new threat to our security. It is significant that during the past year attention has been focused on Canada's growing role in world affairs. In the Middle East, Canada contributes a major component to the United Nations emergency force now serving in Egypt. In this force there are over 900 Canadian army personnel and some 100 members of the R.C.A.F. The members of our armed services serving in that area deserve the highest praise for the work that they are carrying out, work which is done under extremely trying conditions.

In addition, we are taking part in the United Nations supervisory organization in Palestine, and have recently increased the number of Canadian personnel serving with the observer group in Lebanon. We are able to provide these personnel to the various United Nations missions without impairing the operational element of our services. The fact that Canada has fulfilled these requests for assistance may be an indication that in future we will be asked to accept further commitments to help maintain peace in troubled areas. If Canada should again be asked to send a force on some mission such as UNEF we have a stand-by battalion in readiness for such an eventuality.

With reference to our contribution to the North Atlantic Treaty Organization the fourth Canadian infantry brigade is presently stationed in Germany as part of the shield forces of NATO. The nuclear concept of war postulates the possibility that our major ports and lines of communication could be severely damaged in the initial enemy attack. Hence there is some doubt as to whether or not formations on this continent could reach Europe during the early and critical phase of the war. Canada, however, remains committed to furnishing the balance of an infantry division to NATO in the event of hostilities, but the portion of these forces stationed in Canada is now regarded as a strategic reserve. In order to rotate our brigade in Europe and maintain forces for the defence of Canada we have three brigade groups located respectively in the western, central and eastern areas of Canada. Each of these groups contains troops especially equipped and trained for operations in northern Canada.

[Mr. Pearkes.]

In the light of new weapons developments, some major re-equipping of our army cannot long be delayed. Intensive study is now being given as to the new weapons which should be procured.

Canada's first air division with its 12 squadrons of interceptor aircraft is also in position in Europe as part of our NATO commitment, and it provides an important component of the fourth allied tactical air force under SACEUR. In addition, the Royal Canadian Navy has a number of ships earmarked for the NATO supreme allied commander, Atlantic, in the event of an emergency.

I would like to emphasize the importance of the anti-submarine role of our navy. With the advent of nuclear power and the knowledge that missiles can be fired from submarines far from our shores, our seaward defences take on increasing significance. The latest destroyer escorts now coming into service are effective weapons against the modern submarine.

In view of this changed concept of modern war at sea, there is no longer a requirement for a cruiser component in the Royal Canadian Navy. H.M.C.S. *Quebec* has been taken out of commission and placed in reserve at Sydney, Nova Scotia. Our other cruiser, H.M.C.S. *Ontario*, has been carrying out the role of training ship to the fleet. It has been decided now to decommission the *Ontario* and declare her and the *Quebec* surplus to requirements. The training functions which have been carried out by the *Ontario* will be transferred to an operational frigate squadron. The training received in the ships of this group will be based on the requirements of the present fleet.

Some economies will result from these changes. These include the cruiser's annual running cost amounting to $1,600,000, and the not inconsiderable cost of maintaining these ships in reserve. The officers and men now serving in the *Ontario* are required to man the new destroyer escorts now being completed.

One recent acquisition to our anti-submarine forces has been the *Argus*, a long-range patrol aircraft now coming into operational service. This aircraft, capable of sustained flight for in excess of 20 hours and armed with the latest anti-submarine weapons, increases the effectiveness of our maritime defence.

In Canada we are also making a major contribution not only to the defence of the land mass of our continent but, through our radar lines, to the alerting of the retaliatory forces of the west. It has been obvious for some time that the defence of this

continent is the joint concern of both Canada and the United States. The establishment of the joint air defence command has already received the approval of parliament, and this agreement will undoubtedly strengthen the defence of this continent. The recent announcement, following the visit of President Eisenhower to Ottawa, of a joint ministerial committee on defence will also add to mutual co-operation.

I have already referred to the high cost of new weapons. Nowhere is this more apparent than in the air. Over the years we have built up on this continent, with our United States allies, radar warning systems. It should be made clear that these systems —the DEW, the mid-Canada and the Pinetree lines—were constructed to give warning of manned bombers. They were not meant to deal with the intercontinental ballistic missile and are not capable of so doing, but they are effective against the known capabilities of the present day bomber. However, steps are being taken to improve the method of processing the information received through these radar lines. Automatic systems of control and of passing information must be introduced as aircraft with increased capabilities come into operation.

With the rapid advancement in weapon development the importance of carrying on research is obvious. In these estimates this committee is asked to approve the sum of $82,525,000 for the defence research board. To give members an idea of the functions of this board I might quote what I said to the standing committee on July 8 last, as follows:

> The main tasks which have been assigned to the defence research board are: Defence against the ballistic missile, particularly in the field of radio propagation in high altitudes; submarine detection and anti-submarine defence systems; operational research studies of weapons systems with emphasis on the joint air defence of North America; studies of nuclear propulsion of ships; responsibility for a large part of the Canadian contribution to the international geophysical year; research in man's ability to survive in such environments as high altitudes, great speed and extreme cold; development of communications and navigational systems; improvement in conventional weapons; development of new rocket type weapons; research in the field of atomic, bacteriological and chemical warfare; research on data processing and the ever-widening use of electronics; research on propellants and explosives and scientific advice to civil defence authorities.

I might add that research into bacteriological warfare is conducted entirely as a defensive measure against the possibility of the use of bacteriological attack by hostile forces.

Before concluding I would like to say a word about the need for a high standard of officer in our armed services. This requirement is being met in part by graduates of our service colleges. The recent decision to grant degrees at the Royal Military College at Kingston is an indication of the recognition of the high academic standards required.

In so far as the role of the reserve forces is concerned, this subject was covered in the committee. Suffice it to say that each service has an important part to play and that the members of our reserves, whose role has changed in the light of modern warfare, are adapting themselves to their new tasks with admirable spirit. The emphasis on the forces in being and the cost of equipping such forces with modern weapons has of necessity called for firm reappraisal of the allotment of available funds, but within the limitations imposed there is a continuing requirement for our reserve forces.

Mr. Pearson: Mr. Chairman, the introduction of the minister's estimates gives members a chance to discuss, at least on this item and in a general way, defence considerations and strategic concepts, indeed the international situation which makes it necessary for the government to bring forward defence estimates of this magnitude in the year 1958. I propose to take advantage of this opportunity to make some observations of a general character based to a large extent on the work of the committee and on the contributions made by the minister in the committee, to our knowledge of defence matters, and in this respect I have particular reference to those of us who served on the committee. I also propose to comment upon one or two things the minister has said this morning.

The minister stressed, quite rightly, that we are entering into a new era of defence, that we are now facing new defence problems —new even in the sense that they were not with us two or three years ago—and that new methods and new steps are required to meet these new problems.

Before I deal with these more general subjects, however, I would like to join the minister in paying sincere tribute, not to the work of the committee because I sat on that committee and I therefore cannot do so, but to the contribution of the chairman of that committee, the hon. member for Calgary South who presided over our work with efficiency and fairness. I think we are all most indebted to him for the way in which he conducted the work of the committee. I believe also it will be found by the house that the report of the committee will make a valuable contribution to the work of the Department of National Defence. As the minister has pointed out, the recommendations will be given careful consideration.

As a member of the committee I was interested to note that the power given to the committee to call for persons and papers was not exercised, and that the proceedings before it were conducted, in so far as witnesses were concerned, very much in the same way as they were conducted in the defence committee two or three years ago. Various proposals were made which the minister has pointed out, in addition to many recommendations in connection with a variety of matters. Perhaps the best way in which we on this side of the house can proceed with respect to those recommendations, if we have any comments to make upon them, would be to bring forward those comments when the particular items concerned are under consideration.

One suggestion was made with which I most heartily agree, and that was that the Department of National Defence should return to the practice of previous years and produce an annual report and a white paper on defence. The minister did submit to the committee when he appeared, a very detailed, comprehensive and useful report on defence policy. Perhaps, however, it would have been more helpful to the committee and might even have made the work of the committee somewhat more effective if the kind of report which the minister produced for the benefit of the committee had been available earlier so we might have had a chance to study it in advance, in which case perhaps our questions would have been even more intelligent than they were.

We are being asked to vote a very large sum of money for defence. It is interesting to note that the minister has found, no doubt with the best will in the world, that the international situation is such that it is not possible—and I certainly do not quarrel with him on this score—to reduce our defence expenditure, and that the direction of his department and the conduct of affairs in that department and in the services has been such as to make it impossible to reduce the amounts required through the elimination of any waste or extravagance in the department itself.

The reason we are being asked to vote this amount—and it is a very large amount indeed, and a very high proportion of our total budget—is, of course, that the international situation is such that we have to pay a very high premium for defence insurance, a premium of well over a billion and a half dollars. This emphasizes once again, if emphasis is required, that when our foreign policy fails—perhaps I should say, rather, when it does not succeed, together with the foreign policies of other countries, in establishing security in the world—then our defence expenditure becomes more burdensome, and in that sense diplomacy is a very important part of defence. If diplomacy had succeeded better, perhaps we should not have to spend $1,600 million for this kind of defence.

We have before us at the present time a good example of the failure of diplomacy which in its turn will have its effect on the contribution which the Canadian people will have to continue to make toward defence. I am thinking now of the failure to bring about greater stability in the Middle East and solve some of the immediate and some of the more far-reaching problems there.

I think one could say in that regard that recent diplomatic developments in that area, which in turn will have their effect on defence policy and expenditures in Canada, leave one with a feeling of discouragement and almost, at times, of despair. When action was taken in Lebanon and Jordan a few weeks ago which was considered by those taking the action to be necessary, and which was taken only after invitations from the governments concerned, it seemed to some that not only would it be possible to bring that action to an end on terms which would be satisfactory to the countries concerned and remove any danger of conflict in that area, but it seemed also to some that we might be able to take advantage of this critical situation to seek the roots of the difficulty and do something about the problem which brought about this intervention in the first place. I have felt, and so I know have other hon. members, that an opportunity was given us in that regard.

To me it was a surprising opportunity when the head of the Russian state invited the United Kingdom, the United States, France, India and the secretary general of the United Nations to what he called a summit conference which he himself said would be under the auspices of the United Nations in the sense that it could report back to the security council of the United Nations. This was to be a summit conference which, from the western point of view, would have the kind of representation which could hardly be improved upon.

But we know what happened. That original invitation was not accepted in a form which would make possible the convening of this meeting, and diplomatic negotiations began which resulted in the conference becoming a public meeting of the security council. Those of us who have been at the United Nations know what such public meetings can be. When that proposal did not finally commend itself to the head of the Russian state another proposal was put forward for a special assembly of 81 nations, also to meet in public.

So instead of having a small, informal meeting which might have done something to provide a solution to these Middle East problems, and a meeting which could have reported back to the United Nations, we were left with the alternatives of a propaganda meeting of the 11 members of the security council held in public, or of an even more propagandist meeting of the 81 members of the assembly.

That is the situation we are facing now, and I suggest that the only way in which we in the west can really accomplish something in the face of the diplomatic manoeuvres that have been going on is by putting before this assembly some constructive proposals on economic and political planning in the Middle East of the kind that might possibly have been placed before a smaller meeting. Unless we can use the assembly for that purpose—and there is not going to be much time—this assembly will deteriorate into a propaganda jamboree with charges and countercharges of aggression, direct and indirect, and it will not make much of a contribution to the solution of this problem. And unless we do this we will probably find that next year our defence estimates will be just as large as, if not larger than, they were this year.

The minister pointed out in his statement and in his report to the committee that Canadian defence policy is based, as it has been for some years, on the acceptance of various obligations. The first obligation on defence policy is, of course, the defence of our own territory, but we have other obligations which also involve the defence of Canada by action outside Canada. The minister has mentioned as one of those, our obligations under the United Nations; and in dealing with these responsibilities he pointed out what Canada is doing at the present time to discharge those obligations through the Department of National Defence. He paid tribute to the work Canadian servicemen are doing in the United Nations emergency force and in other far places of the world in the interests of peace, a tribute in which I should like sincerely to join. Not only is the United Nations emergency force operating in the Middle East, but observation groups are playing a useful and indeed a valuable role in preventing trouble in various parts of the world. There are missions in Indo-China. There are Canadian observers in Pakistan, and there are now many in Lebanon. As the minister has indicated, this international activity is a concept which I think must affect Canada's defence policy in the years ahead.

What can we do on our part to make a contribution to international police activity, which if it can do nothing else might prevent small conflicts developing into world destructive wars? There is one concept which governed our defence concept in the past which I suggest is now obsolete and should have little if anything to do with defence planning. That is the concept that we should make preparation in Canada for sending an expeditionary force overseas, as we have had to do twice in our lifetime. It does not seem to me to be realistic to contemplate that kind of contribution by which over the months and years we would be sending troops across the Atlantic to the battlefields of Europe.

Because it is an indication that the government does realize that this is pretty much out of date in the nuclear age I was glad to hear the minister say that even our NATO obligation to bring our brigade up to divisional strength in case of conflict overseas—and that is an obligation we have undertaken—is perhaps of less importance than it was, and of less importance than some of the other obligations which face us at this time. I was also very glad to hear him say that in the discharge of this new kind of obligation to contribute toward international forces—not to win a war but to prevent a war—the department had now a battalion well equipped and available on short notice as Canada's contribution to this kind of activity. I believe that is very important, especially in the light of the possibility that in the months ahead we may be asked to make that kind of contribution along with other countries.

I am inclined to repeat here what I have said in the house before and in committees of the house, that if this kind of contribution is to be made effective—the international police force and the international observer group idea—we have to make this kind of preparation for it in advance. We have to set up a kind of permanent defence organization at United Nations headquarters and the countries who are willing to make this kind of contribution, and Canada is one of them, should let the organization in New York know in advance what they will have available and ready for any particular emergency that may develop.

I believe Canada has played a highly imaginative and constructive part in this concept. Not only did we make forces available years ago at the time of the Korean crisis, but at that time we said the forces should be made available, a brigade, subject to parliamentary approval, for any United Nations action which might be required in the future, and I think that decision still holds.

I grow a little impatient when I hear the great powers say they do not want to do this kind or that of thing, or having done it, say: "We should like to get out of it; if

only the United Nations will move in and take over our responsibility we will withdraw". That is what they say in time of crisis or emergency. But when the emergency is past and we go down to the United Nations and make a proposal for the establishment of some kind of permanent machinery which might make it unnecessary for them to intervene in the future, they can find all kinds of reasons for hesitation and delay. This would be a good time, labouring as we are under the fear of this crisis, to press ahead with this kind of international force to which Canada is now pledged to make a contribution in the future along the lines of the contributions we have made in the past.

So much for our United Nations defence obligation. We have, of course, very important defence obligations—and the minister mentioned them here and in the committee—under NATO. It is not easy for someone who does not attend the NATO meetings to ascertain exactly what is NATO strategy at the present time in the face of the new developments about which the minister has told us. It was considered, and perhaps it is still basic NATO strategy, that there should be built up in Europe balanced collective forces under a NATO commander of a strength sufficient to hold the attack well away, if possible, from the Rhine and western Europe; forces that would be strong enough not only to hold the attack away but to hold it long enough to make it possible for massive retaliation, for the deterrent to go into operation.

I recall attending the NATO council meeting in Lisbon some years ago. The military chiefs at that time said that 95 divisions would be required for that basic NATO strategy. I remember, and I am sure the minister will remember, the government of that day was very strongly attacked by the C.C.F. party in connection with that report because they said we had sold out to the military, who had demanded an impossible total for defence purposes. Well, it is interesting to recall that in the space of a few years—because that Lisbon meeting was not very long ago—the objectives that are now considered required for this basic strategy have been reduced and reduced in terms of military contributions until—I do not know exactly what they are, but they have been reduced greatly. I do know that the NATO commander in chief—and I am not betraying any secret in saying this because he made a public statement about it—did request the NATO defence ministers at the last meeting to raise the number of divisions from 15 to 30 as the minimum which was required to carry out this basic concept.

[Mr. Pearson.]

But there is another concept of basic NATO defence, and I know these matters are now under consideration by NATO committees, though I do not know if the consideration is completed. The other aspect of NATO defence is that the main function and indeed the only defensive function of NATO land and air forces is to identify an aggressor. This is the trip-wire theory of defence about which the minister knows, and only a very small force is required for identification purposes. Once an enemy has been identified and the aggression as such has been identified, then the deterrent goes into operation at once and you have your massive retaliation to defend Europe by the strategic air command of the United States going into operation from its bases.

It seems to me that the weakness of this concept is that if it is assumed by the people in the NATO countries that our only defence against aggression is massive retaliation by the strategic air command of the United States with nuclear bombs, the people of those countries will not be too anxious to make the kind of sacrifice in terms of local defence which is required because they will leave it all to massive retaliation. Because of that fact—and there is some indication that this concept dominates public opinion in some European countries—and because of the consequent weakening of our conventional defence position in western Europe and elsewhere, the massive retaliation deterrent has to get stronger, and as it gets stronger and stronger you do less in a conventional way, so you get into a vicious circle which does not seem to me to be a very satisfactory basis for collective defence.

There is no doubt—and it is one of the things that is most frightening in the present situation—that we are relying now largely on the nuclear deterrent; that this deterrent is now nuclear power of which both sides—not only one side, as was the case six or seven years ago—have more than enough in the form of missiles and bombs to blow our planet to pieces, or at least to destroy those who are inhabiting it, and yet they keep on piling bombs on top of bombs. I have never been able to understand the military reasoning which requiries 100 hydrogen bombs if 50 on each side can destroy the world.

I am informed—and on good authority, because the information comes from a United States official source—that there is enough fissionable material being produced in the United States alone each year now to make 30,000 to 40,000 atom bombs of the old-fashioned type which killed 86,000 people in

Hiroshima in one explosion. I am also informed that if this fissionable material, which is still being produced, goes into the more modern, refined hydrogen bomb there is enough material for almost a million Hiroshimas. That is the foundation of power, unbelievable power, on which our nuclear deterrent rests. We rely now for peace primarily on that deterrent.

I was reading the other day a paper by a former admiral of the British navy, Admiral A. W. Buzzard. He was chief of naval intelligence; perhaps the minister knows him. He was making a very strong attack against this reliance for our security, this sole reliance, or at least reliance to too great an extent, on this policy of massive retaliation through the nuclear deterrent. He had this to say in this paper, and perhaps the committee will forgive me if I put it on record:

> This policy of massive retaliation was adopted by NATO as an emergency measure eight years ago, at the time of Korea, when we suddenly realized that we were faced by an aggressive and heavily armed communist empire, and had nothing but America's atomic bomb with which to defend ourselves. It seemed an acceptable policy to most people at the time, because the atomic bomb was then virtually an American monopoly, the Russians having very few of them and no aircraft—let alone ballistic missiles—which could reach America in retaliation.

How that situation has changed.

> But now that Russia, too, has an effective nuclear deterrent—grown to megaton proportions—and she can deliver it into the heart of America, the situation is very different. For whatever we may say, the communists must increasingly doubt—

I suggest that the present situation in the Middle East is a very good illustration of this worry.

> —whether America would in fact commit suicide for a serious local threat in, say, northern Scandinavia, Greece, Yugoslavia, the Middle East, southeast Asia or Korea. Thus, our nuclear deterrent, greatly increased in its severity, has been greatly decreased in its certainty of application, and the "all or nothing" school often forgets that a deterrent, to be effective, must be reasonably certain of being applied, as well as being severe in its consequences. Indeed, it is better for it to be only reasonably severe and certain to be applied, than for it to be disastrous in its severity and uncertain of being applied.

Surely, Mr. Chairman, that is a position which does not inspire a feeling of comfort or security in anyone who contemplates our defence strategy at the present time, when we are relying to such an extent on a nuclear deterrent of such power that we cannot be sure it will be applied because the consequences of the application, or which if applied to meet local and limited aggression, would convert a local limited aggression into world war III, which would end the world.

Because of that dilemma—and it certainly is a dilemma—we may well now find that we are not facing this kind of aggression which is going to bring about this kind of retaliation. The potential enemy, knowing perhaps that an Anglo-Saxon power will hesitate before it drops a nuclear bomb which will convert a limited aggression into world war III, knowing our hesitation in that regard, may concentrate more on direct aggression in a limited way on the periphery of the Soviet empire, or in indirect aggression, economic and political, in a big way.

That means, if it means anything at all in our defence policy, that now not only do we have to maintain a nuclear deterrent, because we have to do that, but we in the western world also have to develop enough tactical defence strength to meet this kind of aggression in various parts of the world without relying on the kind of nuclear weapons I have been talking about. That makes the task of defence policy—defence policy, of course, for the big powers, but also defence policy for all powers—a dual task; to participate in the nuclear deterrent, as Canada is in one sense, and participate also in the building up of conventional collective forces of the kind which might be required because the nuclear deterrent cannot or will not be used.

That is the second concept of defence, Mr. Chairman, the NATO concept; and the third, the one which is of most direct importance to us, is the concept of continental defence, defence of our own territory and defence of our own air, the detection and the destruction of an attack on Canada, which attack would likely be only through the air, or more likely an attack on the United States over Canada. Here is something that the minister has pointed out on more than one occasion. Here is the situation in which Canada is vitally and directly concerned and with which we cannot deal except in the closest possible association with the United States of America. That association, the importance of it and the closeness of it, has been recognized in the formation of the North American defence organization, NORAD.

I only wish—that is all I am going to say about NORAD—that this continental defence organization could be even more closely associated with NATO than the minister said it was associated now, namely in a somewhat indirect and loose way. I suggest that in respect of this aspect of defence policy, the continental aspect, there have been some vitally important changes in the situation in the last two or three years, some very important changes since the decision was made just a few years ago to construct three radar

detection lines and to develop and build the CF-100 interceptor. Those changes require changes in our defence policy or modifications of that policy in the light of the necessities brought about by the changes in methods of attack.

The other day I was reading the transcript of the hearings before the Senate armed services committee, and that of the House of Representatives, the two armed services committees of the United States congress last December and last January, and it certainly bears reading. There are some 3,000 pages of printed evidence. The experts who were called before this committee—we do not do that sort of thing in our committee, and I think we are right in our procedure—were of every kind, military, scientific, civilian, business, and they went into those matters in the greatest possible detail. The evidence was scrutinized for security reasons, and some of it was left out. But in appearing before that committee—I think it was the Senate committee though I am not sure; it may have been the House of Representatives committee—the chief of the United States air force said that air defence of the North American continent now required as an important first priority the extension of the DEW line and its improvement, and improved radar detection systems generally.

He said, and the minister repeated this in his evidence before our committee, that the DEW line is now reasonably effective against even the latest bombers but that the Pinetree line is not completely effective even against present bombers. The minister also said this morning that one of our tasks in defence in the year ahead will be to improve radar detection services. The third objective or requirement put down by the chief of the air force as of immediate and first priority was progress in anti-ballistic missile detection, a ballistic missile early warning system, which the minister mentioned this morning as something with which the Canadian government is concerned and into which investigations are proceeding.

In his evidence this general—I think it was General White—and others indicated what this means not only in terms of expenditure of energy but in terms of expenditure of money. They talked in terms of hundreds of millions of dollars for the building of this new radar and ballistic missile detection service and then, having spent hundreds of millions of dollars, we would not have complete security because complete security in these matters is absolutely impossible.

Perhaps I might put on the record some of the statements made which indicate the magnitude of the problem, inasmuch as this is of very definite and direct concern to us because we will be asked, as we have been asked and no doubt are being asked today, to do our part in the development of these new forms of defence. Before the House of Representatives armed services committee last January one member said:

> The Russians will have an I.C.B.M. capability some time during the fiscal year 1959.

That was a question designed no doubt to show the urgency of the problem, which will not brook delay. The reply to that question by General Putt, the senior officer of the air force in charge of research and development, was yes, that they will have I.C.B.M. capability in mid-1959. Then he went on to say that at the moment there is no effective defence whatever against this kind of missile attack.

We recall that when the minister was dealing with this matter in the committee he attempted to reassure us by pointing out that it will be some time before this kind of attack can be made in any strength against the North American continent, if anybody should be mad enough to begin aggression of that kind, but also that these missiles would not take the place of manned bombers against which we have not a perfect but a fairly effective defence at the present time, because continental missiles cannot be directed with any degree of accuracy to a particular target. Of course the No. 1 target on the North American continent is not our industrial complexes, not our great cities, but the air fields from which the nuclear deterrent force would take off; therefore we do not have to be quite as anxious about missile attacks as we would be if these attacks were by manned bombers, because missiles cannot search out and drop on an airfield from which the retaliatory bombers would take off.

Perhaps that is true. No doubt it is true now, but I do not get very much comfort out of it because surely that kind of pinpoint accuracy is not required in the case of continental ballistic missiles with nuclear warheads which, if a few of them dropped on an area, certainly would destroy that area or if dropped on one city would destroy that city. But if the time comes, and perhaps it will come because the Americans and others are working feverishly in this direction, when these missiles achieve the kind of accuracy which will enable them to put the retaliatory bases out of business, then where are we? We are told in this evidence that it is only a matter of minutes from the time these missiles are launched until they reach their objective. We are also told that it would take 15 minutes for a retaliatory squadron to get off the ground.

All this means that air detection is now more important in our defence policy and strategy than ever before and that Canada, I am quite sure, will be asked—perhaps we will not have to be asked—to make a bigger contribution to this kind of defence than we have been making in the past and then at the end find ourselves without the assurance that we will have anything like 100 per cent protection.

There is a good deal more evidence before these United States committees to which I might refer but I am not going to delay the committee by putting it on the record at this time. However, I want to sum up this part of my statement by saying that we are directly concerned with all this. It means that Canada must have new and more powerful radar detection lines. It means new ground controls. It means participation, as the minister has pointed out, in some form or other in semi-automatic ground environment. Surely it must also mean the introduction into our air defence forces of ground to air guided missiles such as the Bomarc, which we do not yet have but which in the future will perhaps become a major weapon in our air defence, and which has already become a major weapon of the United States squadrons earmarked for continental defence. Apparently 120 of these are required for each squadron, and they cost about half a million dollars each.

They will, of course, have nuclear warheads, and that brings up a very important question in connection with our defence policy which I should like to mention at this time. I am not suggesting that the introduction of Bomarc missiles into our squadrons will mean that they will take the place of the manned interceptors, at least for some time, but they will certainly be supplementary to the manned interceptors. Are we going to use them for that purpose? If so, if we are going to direct our defence planning to the introduction of these missiles, what effect will that have, first, on the CF-105 and, second, what is our position in securing the nuclear warheads from the United States for the Bomarc.

May I say a word first about the CF-105. The minister has pointed out that this particular manned interceptor, which is perhaps the last word in the world in aeroplanes of this type, is of no use whatever and was not meant to be of any use against missiles, though I think he said this morning that it is reasonably effective against even the latest type of Soviet bomber or any type of Soviet bomber that we know anything about, just as radar defence is now reasonably effective against these bombers.

In the planning and development of this aeroplane, which began before the present government took office—the decision was made by the previous government—the government has already spent, as the minister pointed out in the committee, about $220 million and that has resulted, I think, in two aeroplanes having been tested. In the estimates we are now considering there is an item of $178 million to continue the planning and development in the current year of an aeroplane which will perhaps cost something over $4 million. We are not sure. A figure of $4 million to $4½ million has been given. This will presumably take these plans and developments up to the point where we may have 37 of these planes by the end of this period.

What do we do now? By "we" I mean parliament, which will have to provide the money. Do we continue the development and production of this particular manned interceptor at this cost? We will have spent by the end of this year about $400 million on the development and planning of this aircraft, and we will have about 37 to show for it. A decision now has to be taken as to whether or not go ahead to the point where these planes will be introduced into our squadrons along, perhaps later, with the Bomarc missile; or do we abandon this project in the light of developments in the last two years which seem to be emphasizing the importance of other forms of air defence, which may not replace but will certainly have to supplement the CF-105? Do we try to do both? The report of the committee before us contains a reference to this matter. I have not the exact words, but I can get them. At page 365 of *Votes and Proceedings* for August 6 the committee has expressed its concern in these words:

> —the committee does express its concern in the government entering into any subsequent weapon program of this magnitude without first negotiating for some cost sharing agreement with either NATO member countries or the U.S.A. under the NORAD agreement.

I agree that if we are going to do this kind of thing we should try to do it collectively as part of balanced, collective forces. However, I believe we will have very great difficulty indeed in getting any NATO country to participate in the cost of the development of an aircraft and missile program in Canada, in the light of their own defence costs. I think we may have great difficulty in getting the United States to participate in any of these Canadian developments, in view of the fact we will be reminded that they are spending $40 billion on defence this year, an amount which was just passed the other day.

It does raise the question whether Canada can afford this kind of participation in collective defence. This question becomes all the more urgent when we realize that when we do produce this kind of plane through the planning and designing of our own experts—it is a great credit to them and shows we have an aircraft industry in this country that can do this kind of thing as well as any industry in the world—there is practically no opportunity for operating on a continental but only on a Canadian basis.

The minister has been in Washington, and perhaps he has been trying to do something about this. I know also from my own experience in the past that when we tried to get the United States interested in the CF-100 some years ago, at a time when the CF-100 was admitted in Washington to be certainly the best all-weather fighter on this continent, we made no progress at all. The aircraft industry down there was not going to allow any interference with its own right to produce its own aircraft for its own government. I believe the minister will be having the same trouble with the CF-105.

If co-operation is to extend to the point where we integrate our air forces, then co-operation should also extend to the point where we integrate our resources. If Canadian industry can produce a weapon as good as or better than a United States weapon, then we should try to get the United States to recognize the importance of co-operation by encouraging this kind of development in Canada, not on a national but on a continental basis.

Then there is the other aspect of this question. If we are going to have the CF-105 in operation, if we are going to have the Bomarc in operation, how can we contemplate a situation where Canadian squadrons, armed if you like with the Bomarc missile—I am thinking now of the years ahead—and operating off the same air base with United States squadrons under the command of an integrated headquarters commanded by a United States commander with a Canadian deputy commander, when the Canadian squadrons would have missiles without nuclear warheads and the United States squadrons operating along with them would have nuclear warheads? It is taken for granted in the evidence I have read at congressional hearings that to be really effective to the maximum possible extent for defence purposes you should have the nuclear warheads on these particular missiles.

I do not want to be misunderstood. I am not advocating that there should be manufactured in Canada any kind of nuclear weapons, nor am I departing in any way from the proposal I made the other day that those countries which are now manufacturing nuclear weapons for mass destruction should agree that they will not manufacture them in the future. However, that is something very different from having access to a country which does manufacture these weapons for defence purposes—I am now talking about tactical weapons—and with which we are co-operating in an integrated continental defence scheme. Under legislation passed by the United States congress these weapons cannot now be made available to a country with which it is working on continental defence. I suggest this is a situation which in the long run will not be considered tolerable in this country. I know there have been changes made in the United States atomic energy legislation during the last two or three months which deal with this matter, but it is not dealt with in a way which gives me very much satisfaction.

In these amendments the United States has singled out the United Kingdom for preferential treatment, on the ground that the United Kingdom is already in the atomic weapons business. Under the amendment to section 144 (c) of the atomic energy act, if a country can prove it has made progress in the field of manufacturing nuclear weapons it qualifies for this kind of assistance. So far as I can make out Canada does not get that kind of assistance unless it can make a separate agreement with the United States under another provision of this act.

I should like to ask the minister, when he replies in this general debate, exactly what the situation is in regard to this matter, and whether or not steps are being taken to bring about that kind of agreement which would put Canadian defence forces and United States defence forces, operating under the same command, in exactly the same position in regard to equipment.

The other day we heard from the Secretary of State for External Affairs that the Canadian government was not asking for this kind of agreement now. We heard him say also, and it was an important statement, that there is no question about storing nuclear warheads in Canada. Then he went on to explain that this perhaps was not necessary because a quick decision could be made in Washington—he added even perhaps too quick—which would make available these nuclear warheads in time of emergency.

If they are not stored in Canada, if we have no agreement which puts them under the control of Canadians before the emergency, and if the decision has to be taken in Washington which would result in them being moved to Canada in an emergency or moved from a United States squadron on Canadian soil

to a Canadian squadron, I suggest that is not good enough; because when an emergency of that kind occurs, if it ever does, there will not be time to make these arrangements. This question ought to be cleared up before the emergency occurs.

I come then, Mr. Chairman, to the final part of my statement. I have talked about our UN obligations, our NATO obligations and our new and more extensive obligations in regard to continental defence. The question inevitably presents itself to us, as it must present itself in an even more immediate form to the minister himself, how can Canada, with its resources and with what is needed for development in other fields in this country, do all the things in the future that may be required under these three sets of obligations? I would like to quote what the minister said before the committee on June 10:

> No country, particularly a country of limited means—both financial and in manpower, can be expected to promote a balanced force of all the different services.
>
> They can concentrate on the type of production, the type of arms . . . most adaptable to the conditions of the country.

I suggest that that is exactly the principle upon which we have to operate, and that it is the application of that principle which is going to cause the difficulty. A great power—for instance, the United States of America—cannot afford to take a gamble of this kind. They have to concentrate on every possible form of defence, and there is no escaping that fact because they are a great power. They have to keep on developing and building new weapons, however quickly they may become obsolete; but surely there should be a limit to what a country like Canada does or is asked to do in this field of development for defence purposes. Surely our country should not have to keep up with every move—and these moves are being made very quickly today—in respect to methods of defence, strategic and defence planning and so on, which require the production of new types of weapons.

I am certainly not attempting to be dogmatic in this regard because I know how difficult it is to come to any conclusions, but perhaps in this kind of situation, with changes taking place so swiftly and devastating with respect to methods of attack and methods of defence, Canada may have to wait before, for instance, entering into the field of rocket and missile construction. Perhaps we will also have to adopt a system of priorities of a different kind from that which we have adopted in the past with regard to defence by confining our defence efforts, or at least devoting the major part of our defence efforts, to matters particularly concerned with questions of immediate interest to us such as radar defence, integration of ground equipment and ground control, in order words the kind of activities which, if we do not undertake them, the United States of America will ask for permission to undertake on our behalf and on their own behalf on our territory.

It may indeed become more and more necessary for us to take over the maximum responsibility possible for defence activity and facilities on our own soil, even if that means—and this is a decision which naturally no one would make very quickly or easily—some reduction in our commitments abroad under NATO. Perhaps that would be a sound national policy without, I suggest, prejudicing in any way our obligations for international co-operation and defence.

It seems clear to me, and the minister may comment on this point when he replies, that soon the major, if not the sole, instrument of air attack will be the missile, and that this will require a complete revamping of defence strategy and defence policy. It seems to me, and I speak without any expert authority in this matter, that to counter this method of attack the manned jet interceptors will one day—perhaps a day not too far distant—be as obsolete as the old BE2C of the R.F.C. in which I learned to fly, and that these manned interceptors will be replaced, at least to a large extent, by the pilotless interceptors.

That poses a question directly to the government. Are we going to go into the production and planning of these new planes and missiles, or should we not leave the production of this kind of weapon under the concept of division of tasks in a balanced collective defence strategy to the United States and concentrate our efforts in Canada, not exclusively but mostly, to ground environmental control and early warning systems against missile attack? That will give Canada a major responsibility in continental defence; it will give her great responsibility for the construction, control and maintenance of facilities on her own soil.

These are important questions which I throw out to the minister, which he will perhaps be able to answer when he replies. I want to tell him that when I ask him these questions I know it is much easier to ask than to answer them. I also want to tell him that I appreciate the dilemma in which the government must be in relation to these questions with respect to developments in the realm of defence which may or may not take place in the future. It seems to me there are many difficulties in doing these new

tasks at the expense of the contribution to defence which has proved to be most effective from our point of view in past years and which, until these new developments take place, is still essential. I know this is a very serious dilemma and that it is inescapable.

My only suggestion is that which I have outlined; that in order to resolve this dilemma perhaps we could take a greater share of responsibility for those activities upon our own soil, even though it might mean a reduction to some extent—and I am not thinking of those United Nations, activities which are very minor in terms of expense—in some other activities outside this country. I suggest it is all the more important that we approach defence in this way, because if we do take responsibility for this kind of activity in Canada it will have very important civilian implications. It will help to develop our north country and prevent that development from being not taken over, but from falling too much into the responsibility of our friend and neighbour the United States of America. This point has been very well illustrated in a recent article by Mr. John Walker, special Washington correspondent for Southam Press, which appeared in the Hamilton *Spectator* under the heading, "U.S. May Soon Take Over Canadian Arctic Research and Patrol Work" and which reads as follows:

> The United States government may soon be taking over a significant field of research and patrol work in the Canadian Arctic, unless the Canadian government takes a more active role in Arctic development.
>
> The Americans will not be doing this by design, but the fact that Congress has approved a bill to authorize construction of a nuclear-powered icebreaker points up the prospects that within three years the U.S. may have such a craft in operation.

The article goes on to say that this craft will be used for Arctic work, and concludes with this paragraph:

> If the Canadian government continues to keep the *Labrador* out of real Arctic action, and does not move actively on nuclear or other powered icebreakers, it is hard to see how Canadian military and scientific men can avoid calling upon the U.S. to do the chore, perhaps by 1961 in a brand new atomic icebreaker.

I hope, therefore, that the government will be able to reconcile these two things, the desirability of playing the right part in defence and the desirability also of playing a part which will help in our development in other fields than that of defence.

May I conclude by coming back to the point at which I began, namely that no defence policy and no defence expenditure, however massive, no weapon however modern, however powerful or however new, will really give us the kind of security we must have in this world unless we can build up alongside that policy the other kind of defence policy which rests upon an imaginative, constructive, collective and powerful diplomacy. We may have in the western world more, more and more power; we are in fact building up more, more and more power, but so are those countries behind the iron curtain.

It is quite clear, however, that this policy alone will not save us, even though without it we may be lost. Power without wisdom will avail us little. Determination and imagination in diplomacy are as essential as what the Americans call a good defence posture. Canadian defence policy, then, and indeed defence policy for the whole western world must be based on both kinds of power—military power, and political and diplomatic power.

Mr. Peters: In speaking on the defence estimates I wish to join those who have congratulated the hon. member for Calgary South on the able manner in which he handled the estimates committee. Whether this was a new type of committee I do not know, but he did handle that committee in a very able manner and is to be commended on having done so. The Minister of National Defence is also to be complimented on the manner in which both he and the witnesses he presented were able to testify to the extent requested by the members of the committee.

One of the problems about discussing national defence is that of remaining within the necessary bounds of security while obtaining information which appears always to be available through many other sources, and bearing this in mind I think the committee which considered the estimates of this department did very good work in bringing to the attention of the general public some of the problems which confront the Department of National Defence and which face all Canada in its defence procedures. However, I believe the committee might have gone a little further than it did in advising the Canadian public that though we were not able to recommend any reduction in national defence expenditures, for the simple reason that each item, taken individually, has to be justified only with regard to that particular estimate, when the situation was examined more broadly it became immediately a matter of government policy and was, therefore, not completely open to question. Thus, although the items in the estimates were not related to each other they were, I think, well discussed individually, and in this respect the committee did a good job.

I believe that a number of the committee's recommendations are worth repeating and bear some relationship to what our new military policy must be. One of the recommendations which interested me concerned the question of integration. It seems that for

a long time there has been competition among the various services, though perhaps not to so great an extent as in some countries close by. But we have had competition among the various services, not only for recruits but with regard to the type of contribution each service could make. There has been a certain rivalry among the army, the navy and the air force; and while in some cases it has been good rivalry it has in others led to inefficiency. I understand that the recommendations of the committee with respect to this matter of integration are to receive consideration, particularly with regard to auxiliary services.

Another matter which in my opinion will bear a great deal more scrutiny than the committee was able to devote to it is the question of the relationship between the civil service on the one hand and military personnel on the other. It has been said that it takes two civil servants to keep every military man in the field. I am not sure that that relationship has been maintained or that it was a good one in the first place, and I question the statement that has been made on a number of occasions that it costs more to keep military personnel in the field than it does to support civilians.

This is open to question, but it was pointed out to the committee that military personnel were established on a quota basis, in other words that a certain fixed number of people were allotted to the army, the navy and the air force, a number which could not be exceeded. The tendency, therefore, would be to increase the number of civil servants whose establishment was not affected by such a restriction. I think further consideration should be given to this question, because I do not think it was proven to the committee that it is more advantageous to employ people who are in permanent positions as civil servants as against military personnel who can be retrained, reclassified and transferred if necessary in the interests of the nation.

Now this department is asking for $1,168 million, which is a very large sum of money; and when the committee—and it was a large and conscientious committee—examined each item of these estimates it was not able to recommend any reduction in this amount. I think the committee should have gone a little further than it did in considering policy and discussing how the various components which made up the estimates as a whole would fit into the over-all policy.

There has been a great change in our thinking as far as military defence is concerned. In the last few years we have discarded the old concept of using an army with auxiliary services classed as the navy and the air force. The advent of sputnik and the intercontinental missile have made necessary a complete change in our thinking on defence, and we are now faced in Canada with a great many problems with which we were not faced before.

I think it was for this reason that the committee did include in its report a statement that expenditure on defence was not likely to decrease, but rather that we could expect such expenditures to rise rapidly if the developments now contemplated are to take place within the next few years. I think this is borne out by many of the things the Leader of the Opposition said so capably today. If we are to change our concept of military defence and at the same time maintain some of our more traditional defence measures, there will be a need for a great deal more expenditure on defence.

Before I leave this subject I should like to mention that I personally, and I think the country as a whole, was very disappointed that General Simonds was not called before the committee; and while I agree that it would have meant discussing questions of government policy which might not have been within the purview of the committee, the Canadian people might well have realized some advantage from the knowledge and experience which General Simonds has acquired over the years.

Had General Simonds appeared he might well have been able to give the committee an insight into the developments which are likely to take place within the next few years, in the light of his experience and the information available to him. The other side of the argument could have been capably advanced by Air Marshal Collins and also our own Minister of National Defence. The result would not have been merely a rehashing of many ideas that have been newspaper copy for many months, but we would probably have arrived at a clearer picture of what steps must be taken with this type of consideration.

We in Canada are faced with the problem of a defence system that is now completely out of date. The radar chains are generally considered to be not sufficient for present day needs. We are developing and installing many new units that are going to be advantageous, but these are costing a great deal of money and are difficult for us to finance. The British scientists are devoloping a microwave amplifier called Naser which will track planes 1,000 miles away. According to my information this is a great deal superior to what we have at present. This is only one of many new developments

taking place which we will have to incorporate in our national defence system if we are going to be up to date.

When put into effect our radar chains perhaps were not sufficient for our needs but represented the best we had at the time and were considered adequate. They are no longer adequate and will have to be replaced. But even if we replace the radar chains with a radar device like Naser we will not be able to track things like intercontinental ballistic missiles. We shall have to enter that field which is more expensive than any we have previously contemplated.

The matter which has been discussed on a number of occasions, of integrating Canadian defence production with that of the United States, has caused a great deal of apprehension. Already official thinking suggests that integration of defence production and the United States and Canadian economies must shortly follow integration of air defences. The reasons are clearly apparent. Canada's air defence system based on the present radar screens and the subsonic CF-100 fighter is now admitted to be out of date. The present air defence system was designed some years ago to defend the country against the primary offensive weapon then available to the U.S.S.R. namely the non-jet TU-4 bombers. But much faster turbo-prop and jet planes such as the Bison, the Soviet's intercontinental jet bomber, as well as supersonic jet bombers now being developed, make this air defence system obsolescent.

This is one of the reasons why the United States government has been given permission to conduct the survey announced by the Secretary of State for External Affairs in the House of Commons on May 21. It is almost a foregone conclusion that this survey will result in the decisions to introduce the United States semi-automatic ground environment weapon known as Sage into Canadian air defence. This system is being installed in the United States, and it has been felt for some time that the same would have to be done in Canada if successful air defence integration of the two countries is to be achieved. Sage, an electronic computer capable of making 9,600 mathematical calculations per second, will automatize ground control operations. An integral part of the Sage system is Bomarc, a ground to air guided missile capable of being fitted with an atomic warhead. With the co-ordination of Sage and Bomarc it is considered possible to employ mass interception against a mass raid by jet bombers.

Canada is faced with a twofold problem. The Sage-Bomarc system will impose a tremendous financial burden on this country as well as make it even more dependent on the technological and production skills of the United States. On the other hand, this system provides no defence whatsoever against intercontinental ballistic missiles. Therefore in order to prepare against manned jet bombers and at the same time prepare against attack's from I.C.B.M.'s, both the Sage-Bomarc and some other as yet undeveloped anti-missile system must be developed. Canada is incapable of developing either system by herself.

There is no question about Canada's ability to manufacture a Sage computer based on the United States design. However, the drawback is that according to defence experts the cost of production of a single computer in Canada would be about double the estimated cost of $25 million in the United States. Then there is the recently developed high powered, long range radar now in production in the United States. These sets will have to be installed along Canada's side of the Pinetree defence line. Again these are too costly to manufacture in Canada and will have to be bought in the United States.

The implications for the Canadian economy are becoming increasingly apparent. It is reported that defence officials have come to the conclusion that Canadian industry will have to manufacture component parts for United States assemblies. The future pattern is clear. Canadian industry, if it is to get any share at all in the production of the new and complex equipment needed in the air defence of Canada, will have to content itself with participating as subcontractors in large United States production programs.

Canada is continually being faced with the problem of raising money for defence, and certainly the present requirement of over $1½ billion is not a small amount. But these units cost $50 million each, and large numbers are necessary. Canada finds itself subjected to participating in the program of defending the North American continent. That is one of the reasons why we in this group opposed the entry of Canada into the NORAD agreement.

Mr. Chairman, may I call it one o'clock?

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Peters: Mr. Chairman, before lunch we were drawing attention to the fact that the committee had stated that the expenditures had become increasingly large over a period of years, and the tendency appears

to be continuing. If we follow the same line of reasoning that we have followed in the past the economic burden is going to put us closely in the shadow of the United States. It is precisely because of this seemingly inevitable tie-up with the United States on the economic level that it is of great importance to avoid putting ourselves in a politically subordinate position to the United States.

While we cannot avoid becoming more and more dependent on the United States if we are to meet our air defence requirements, we can avoid making it bilateral. It is one thing to surrender sovereign rights in a multilateral treaty to such a body as NATO or the United Nations; it is an entirely different matter to surrender sovereignty to a single country in a bilateral agreement. In the case of Canada it is the latter which is accomplished in the exchange of notes affecting a form of integration of the air defences of North America. It would seem imperative from the point of view of the loss of Canada's political sovereignty to a single nation that ways and means be found to make the North American defence organization directly responsible and subordinate to the NATO command. This point of view has been ably set out in *Le Devoir*, which comments as follows:

> Canada, as a member of NATO, shares in the defence of western Europe. Would it not be wiser and more logical to place the defence of our tremendous territory in the north in the framework of the Atlantic pact? The protection of our Arctic region is important not only for the United States but for the whole Atlantic coalition.
>
> To instal radar posts in the north, we have negotiated directly and only with the United States. The D.E.W. line is already out of date, for its equipment cannot disclose ballistic projectiles travelling at a high altitude. Probably therefore this network will have to be amplified and improved which will accentuate the intervention and authority of Washington on Canadian soil.
>
> For our air defence, we have negotiated an agreement which is already in force, it seems, and in this system installed at Colorado Springs there is an American commander who has authority over the air forces of the two countries. Are we in the same way going to negotiate directly with Washington a bilateral pact for bases of nuclear projectiles.

This is a reprint from the Ottawa *Journal* of May 26, 1958.

Because of our economic structure we are continually having to compete with and assist and in some cases supply the auxiliary services which are necessary not only for the defence of our own country but of the United States. It would appear that if this is continued over the years it will mean not only the economic bankruptcy of our country but also the loss of our sovereignty to the United States, if we continue to enter into bilateral agreements such as NORAD.

If the defence of Canada is continued for the next few years at the same rate and in the various fields I have outlined, Canada is going to reach the position it has now reached, I would suggest, with the CF-105. The CF-105 was built not at the insistence of this government but at the insistence of the previous government. In my opinion, and I am only one of many, the CF-105 is a remarkable aircraft. It probably brings us into a position equal to that we reached by building the Mosquito bomber at the end of the last war.

Relatively speaking this plane compares favourably with, if it is not better than, any other plane of its type in the world; but I wonder whether the Canadian people can afford this type of luxury. While it is true we have developed the CF-105 at a cost of something over $200 million, the total program which is already blocked out will cost something over $1 billion. I am wondering whether the Canadian people are in the position of being able to enjoy the luxury that they appear to have effected for themselves in the building, the designing and the development of this particular type of aircraft.

I agree with the statement made by the Leader of the Opposition this morning when he said the committee also endorsed the idea that there should be no expansion program of this type ever undertaken by the Canadian people again without consultation with, and without getting orders from and the approval of, other countries interested in this particular field, and particularly the NATO countries. I think the CF-105 points out as well as anything does the position that Canada is going to find itself in if it looks at the situation in terms of our old line thinking on defence.

There have been suggestions made in other fields which I think are going to be endorsed, such as an investigation into civil defence. I think the committee was of the opinion that civil defence should be put back into this department under the Minister of National Defence. I am not sure that he wants it there, but I think that is where it belongs. Greater reliance must be put on the role of civil defence in the case of an atomic attack. In this field the militia can be very advantageous if they are fitted into it and do not become supernumerary to the authorities who will be controlling civil defence.

Over the years the C.C.F. have advocated a decrease in the expenditures on national defence. Today we are spending very close to one-third of our income to pay for defence which is inadequate, which cannot by any stretch of the imagination protect our major

cities from attack by an enemy agent. Therefore we should look very closely at those expenditures. We suggest that greater reliance must be put on other phases of defence. In the United Nations Canada, as a middle of the road power, should take the lead and speak for disarmament. While there are many obstacles—and we have heard them all—there are many advantages in disarmament on an international scale. We could better the lot of the Canadian people much more by spending a few million dollars on aid to other countries that need aid and helping the world to bring about disarmament in a reasonable manner so that we could, as we must, reduce our expenditure on defence, which is a wasted asset no matter how we look at it.

Finally, I suggest that the minister should give very careful consideration not only to participating in bringing about disarmament but to giving leadership to the world in that regard. In the past we gave a lead in setting up an international police force, and we have been quite successful in our approach in that field. I think Canada can accomplish a great deal more by helping the world find a way to permanent peace than by developing such programs as the CF-105. If we are going to spend, let us spend in a field that will produce peace rather than war.

Mr. Pearkes: Mr. Chairman, if there is no more discussion on general policy perhaps I should take a minute or two to answer some of the questions that have been raised. First of all may I, without any qualification at all, express my appreciation to the Leader of the Opposition and the hon. member who has just spoken for the very helpful contributions they have made to the discussion of the general problem of national defence. I could not agree more heartily with anybody than with the Leader of the Opposition when he referred to the close link that exists between defence policy and foreign policy. The two go together, and until some complete and effective system of inspection and disarmament has been worked out amongst the nations of the world we have to maintain a reasonable defence. As soon as the powers get together and decide that wars will be no more then, as one who has taken part in two wars and seen something of the disturbed conditions since, that achievement will not be welcomed more heartily by anyone than by me.

To answer some of the definite questions asked and problems raised by the Leader of the Opposition, may I say that first of all he referred to a white paper and an annual report. As I pointed out this morning, we are really finishing up a program which had been under way since 1950, and as annual reports usually are rather out of date by the time the estimates are discussed and as there is no statutory requirement obliging us to produce an annual report, I thought it was unnecessary to go to that expense this year. Next year we will have to start to get ready for this new era of defence, and I assure the committee that we will then prepare at least a white paper which will spell out our proposals in detail.

The Leader of the Opposition referred to the dilemma which exists. He pointed out the problems which have to be solved. I am not in a position today to put forward a solution to these problems. I am not quite certain on what horn of the dilemma I must rest. We have to collect more information before we make a decision which will affect the security of the country and mean the expenditure of hundreds of millions of dollars over many years. As I stated in the committee, before the end of the year a decision will have to be reached in respect to many of these very difficult problems. They are with me every day and pretty nearly 24 hours of every day. Solutions will be reached and will be presented to parliament in due course.

With regard to the change of emphasis in connection with the idea of expeditionary forces, as both I and the Leader of the Opposition have pointed out the situation has changed. We are not planning to send any large expeditionary forces overseas in the early days of a war. But we do believe, and I think the Leader of the Opposition agrees, in the necessity of retaining what are frequently referred to as conventional arms. I see a growing need for contributions to be made to United Nations organizations, whether on a permanent basis or whether on an ad hoc basis of sending such forces when the need arises. We have to be ready to make our contribution to the preservation of peace, perhaps in many far distant parts of the world. I have that very much in mind, and it will be mainly conventional arms which will make that contribution.

But we do not have to maintain all the conventional arms as of old and, as I indicated last year, we have discontinued divisional headquarters and many of what are termed the divisional troops of the last war are not being maintained by Canada. I indicated in my remarks this morning, and I think this shows how we are progressing and not trying to maintain old establishments, that we have decided to decommission two cruisers. In the past these cruisers played a very important role in the defence of Canada, but conditions have changed and we are now going to declare these two grand vessels, which rendered great service to Canada in the past, surplus to our modern requirements.

Mention was made of the Bomarc. I should like to point out that the Bomarc is not in operation yet. If we wanted to get a Bomarc today we could not get one. Hon. members will have noticed in yesterday's paper that reference was made to what I think is the first experiment linking the Bomarc with a firing by remote control of one of these missiles now in the course of development. We are watching the development of this missile with great interest.

The Leader of the Opposition asked some questions regarding expenditures made in connection with the CF-105. The correct figure is that some $220 million was expended in the research and development of this aircraft prior to this year. In these estimates we have allocated $175 million for the further development of this aircraft which, if it is proceeded with—and we have the right to discontinue it at any time—will carry on development until March 31 of next year.

Reference was made to the proposal for further integration between the logistic and administrative services of the armed forces. The committee recommended that there should be further unification between such services as the chaplain service, medical service and provost service. We are moving in that direction. We have within recent months authorized that all the definitive hospitals should become tri-service hospitals. We have meetings scheduled for the immediate future to see whether it will not be possible to make further progress in the integration of the medical services. Some aspects of the provost services have already been integrated. So far as the chaplain service is concerned, we are seeking authority to appoint a chaplain-general, both Protestant and Roman Catholic, who would supervise that service for all three services.

I must point out to the committee, however, that while there will be some economies effected and I think simpler administration, this integration cannot provide any very significant reduction in the over-all budget. But we are seeking every possible way of saving even small amounts of money.

I cannot agree with the hon. member who spoke on behalf of the C.C.F. group that our defences are completely out of date; that is not so. We have an adequate defence to meet the possible attack of today. We are trying to keep our defences up to date and improve all the time, so we will be able to cope with the means of attack in future years. It would be disturbing and quite incorrect to allow a statement like that to go across the country. It would shatter confidence throughout the land, and I am quite certain that is not correct.

In so far as the cost-sharing of production is concerned, that is more in the realm of defence production than it is a question for the defence department. But I am inclined to agree that we should give very careful consideration, if ever again we go into the production of some complete weapons system, to this aspect of the matter. I do not believe the hon. member speaking for the C.C.F. party was very consistent, because at one point he referred to Canada possibly becoming a subcontractor for the United States in future developments, yet at the same time he agreed we could not go into the production of one complete system. I would hope that it might be possible at some future date, provided we can carry out the research which is necessary and get in on the ground floor, that we might as partners, not as subcontractors, work together in some future production program.

Item agreed to.

Pensions and other benefits—

223. Civil Pensions, as detailed in the estimates, $2,457.

Mr. Peters: Do these pensions apply to the armed services?

Mr. Pearkes: No, this does not refer to the armed services.

Item agreed to.

504. To authorize in the current and subsequent fiscal years, under such terms and conditions as the Governor in Council prescribes, a capital assistance loan to the Town of Oromocto, New Brunswick, to be covered by town debentures, for the purpose of assisting in the completion of the physical development of municipal works and the further development of the town's assets, $2,000,000.

Mr. Peters: I do not know under what section it comes, but I should like to ask the minister if he has given any consideration to this matter of insurance for armed service personnel while they are not on duty? This matter has been discussed in the past, and I was wondering if any further consideration had been given to it. I refer to the possibility of a soldier in Germany, while on active service but on leave of absence or off duty at night, meeting with an accident or being killed.

Mr. Pearkes: Yes, there are some very difficult cases which arise in that respect. It is sometimes quite difficult to draw a line between when a soldier is on duty and when he is off duty. This matter is receiving the consideration of departmental officials.

Item agreed to.

The Deputy Chairman: This completes the estimates of the Department of National Defence.

DEPARTMENT OF DEFENCE PRODUCTION

78. Departmental administration and payments to Canadian Commercial Corporation and other corporate agencies for services provided in connection with defence purchasing and production, $7,232,086.

Mr. Chevrier: Is the minister going to make a statement in connection with his estimates?

Mr. O'Hurley: I rise today for the first time, Mr. Chairman, to present the estimates of the Department of Defence Production. I had not thought of making any lengthy statement. I made a detailed statement in committee which I distributed to the members of the committee. In rising I wish to extend, as the Minister of National Defence has done, my thanks to the members of the committee on estimates for the splendid work they have done. I should like also to extend my thanks and appreciation to the chairman of that committee for the preparation made and the manner in which discussions were conducted.

I should like, right at the beginning, to deal with the recommendations which were made by this committee on estimates. In dealing with these suggestions I should like to offer certain explanations which I think the members of this committee should have.

(Translation):

Hon. members of the committee, as this is the first time I am submitting the estimates of my department, I want first of all to ask the hon. members' indulgence. Also, I would like to comment, right at the beginning of my remarks, on the suggestion and advice given by the committee on estimates, where I appeared some time ago.

This is the first time I am presenting my estimates, and I hope to have the opportunity to submit many more in the years to come. This is just a wish I am expressing.

Mr. Martin (Essex East): For three years.

Mr. O'Hurley: I shall now explain in English the decisions taken by the committee on estimates and give the reasons for certain statements. You may be assured that my officials and I are most interested in studying any comments that were made and in making such changes and improvements as members of the committee saw fit to suggest.

(Text):

In dealing with the destroyer escort program the report of the standing committee on estimates raises three questions, as follows; first, the importance of establishing the final unit costs of an individual ship soon after its completion; second, the desirability of introducing in shipbuilding a target plus incentive type of contract; and third, the importance of giving the shipbuilding industry increasing opportunities to suggest ways of cost reductions.

These three points discussed in committee are well taken. I would, however, like to comment upon them and to offer the assurance to this house that the Department of Defence Production has taken action on each of them.

In determining the final cost of a ship in the destroyer escort program it must be recognized that we are dealing with a program of 14 identical ships under various stages of construction in seven different shipyards. The determination of final unit costs is influenced by the program characteristics of this construction rather than by the completion of any single ship.

Of the material going into the ships, about 95 per cent is procured centrally and not by the individual shipbuilder. This includes the main engines, boilers, gearing, armament, electronic gear, turbines and related equipment. The total production of these major components extends over the life of the program. Accordingly the determination of final unit costs for such components can be precisely established only after the entire requirement of 14 ship sets is complete. As a result it is possible that the material costs of an individual ship are not likely to be known until the production and cost of components for the entire program is complete.

It would be possible to determine the costs independently of each ship set of components as it is delivered. This, however, would distort the individual shipbuilder's costs. In other words, the first unit of production would bear all the pre-production expenses incurred to that time. For this reason the unit costs of material are averaged over the ships in the program, and can be defined with precision only after all such material costs are known. At the present time eight ships of the destroyer escort program have been accepted. It will not be before the end of 1959 that all the remaining ships in the 14-ship program will be finally accepted.

This delay in the determination of final costs will be reduced in future programs where the development expenses are not significant and material is procured on the basis of a firm price or a variation of the firm price. Although there are other factors which contribute to this delay, I shall not attempt to deal with them at this time. The basic contributing factor is that already discussed.

This department recognizes the difficulties inherent in the cost plus contract. As a result of such experience there was introduced in our last major shipbuilding program

for coastal minesweepers a target plus incentive type of contract. By this and related measures substantial savings were realized in ship construction. By way of illustration, the man hour expenditures on this minesweeper program of six ships were reduced on an average by 30 per cent of those for a previous program for corresponding minesweepers.

In the new destroyer escort program the planning and contractual techniques developed in the minesweeper program referred to will be applied. I am confident that the results will demonstrate substantial economies over our earlier experience.

On the question of improving the liaison with the Canadian shipbuilding industry to the end of achieving reductions in cost, I am in accord with the recommendation of the estimates committee in this connection. In recent years there has been maintained the closest and most intimate liaison with the shipbuilding industry. My department has at all times studied, with units of the shipbuilding industry, problems of scheduling, planning, procurement and production. This has been done not only with individual shipbuilders but also with the Canadian shipbuilding and ship repairing association, by means of committees, consultation, exchange of technical data and other measures. This has at all times had as its objective improved efficiency and lower costs. I would go so far as to say that in few if any branches of industry has there been a more effective exchange of ideas and liaison than the exchange which exists between the Department of Defence Production and the Canadian shipbuilding industry.

Considerable thought has been given to the question of accepting performance bonds and/or pay and performance bonds to secure Defence Construction (1951) Limited contracts. A decision to change to a system of accepting performance bonds has not been reached but is now under review. The considerations affecting the use of such bonds are, first, both the Department of Public Works and Defence Construction (1951) Limited are subject to the government contracts regulations under the Financial Administration Act, which call for security deposits in the form of a certified cheque or government bonds; second, the possibility that general introduction of surety bonds would increase the cost of construction to the crown; third, it is not clear that the use of performance bonds would have as desirable an effect on the satisfactory completion of the work—for example, the incentive to complete the work by a release of cash would be absent—fourth, fear of unwieldiness of this practice because of the introduction of a third party to contend with in the event of disputes and difficulties in the administration of the contract; fifth, inequality of tendering opportunity, the likely difficulty on the part of small contractors in remote areas in obtaining insurance coverage.

I shall make other comments on the crown assets corporation and other recommendations which have been made by the committee as time progresses.

Mr. Chevrier: I would like to ask the minister one or two questions, if I may, but before I do so I am sure the house would want me to extend to him congratulations upon this, his first presentation of the estimates of the Department of Defence Production, and to extend to him best wishes in the performance of his duties in that department. He will be, or so I take it, presenting the estimates of the department for the remainder of this parliament, though I think he will allow me to dissent with his view that that situation should continue after this parliament.

The questions uppermost in my mind are these; first, what ships are entrusted to the minister's department for construction? While I heard him make a statement a moment ago, it was difficult to follow the nature of that statement as he made it and I am interested in knowing which ships now under construction by the government are entrusted for construction to the Department of Defence Production. A statement was made by the Minister of Transport at Kingston some time ago—in fact, to be more exact, during the election campaign—as to a number of ships allocated to various yards prompts me to put this question. Was this done through the Department of Defence Production or through the Department of Transport?

My second question is with respect to the allocation of these ships. How does the department proceed? Is it by way of tender? Does the contract go to the yard submitting the lowest tender, or how?

My third and last question is, are contracts of a fixed nature allocated by the minister's department? I have in mind contracts for a fixed price; are there some cases of a nature not contemplated in the ordinary course of construction in other departments which warrant the granting of a ship contract at a fixed price and, if so, would the minister be good enough to tell the house of any example or examples of which he may know of such case or cases?

Mr. O'Hurley: In reply to the hon. member for Laurier, I wish to first thank him for his good wishes, though he did not extend them in respect of future parliaments and

in that, of course, I cannot concur. In reply to the first question, the Department of Defence Production generally builds only naval ships for the Department of National Defence. We do not do any building for the Department of Transport. We build the ships that come under national defence. The second question dealt with the allocation of ship contracts to the different shipyards. This is done on the recommendation of the maritime commission. With regard to the third question, contracts for the building of small naval vessels have been awarded on the basis of a fixed price, but the target plus procedure is followed with regard to larger vessels.

Mr. Chevrier: Do I understand that this commission recommends not only the yard but also the allocation of a fixed or contract price as well? Or is that done in the minister's department.

Mr. O'Hurley: No. The maritime commission recommends a shipyard. They make a report that a certain yard should have a certain contract at a certain time perhaps because it is out of work and has no contracts on hand. Other yards might be more suitable, but possibly they would have a number of contracts on hand.

Mr. Pearson: I have a word to say about the recommendations of the estimate committee to which the minister has already referred. I take it from the minister's remarks that he has some doubt about the validity or value of recommendation 1(a) on the destroyer escort program, and that in so far as recommendation 1(b) is concerned he believes that the shipbuilding industry has in the past been given full opportunity to consult with the department in respect of ways and means of keeping the cost of ships to a minimum and, that therefore the recommendation in that particular paragraph has already been carried out. I also gather that with regard to the recommendation as to the desirability, which we all share, of making sure that the work for which the department is responsible should go wherever possible to Canadian industry, that the minister is not opposed to this recommendation, of course, but feels that along with the others it is already part of the policy of the department, and that it is in that sense only that he finds they are unacceptable.

Mr. O'Hurley: In reply to the Leader of the Opposition I would say I agree absolutely with his remarks. It is the policy which has been followed, and we are still following that practice.

Mr. Martin (Essex East): I just have a brief question to put to the minister, and one comment to make. On June 30 of this year the minister made a reply in answer to a question which I put to him previously in writing, question No. 101. The return is to be found at page 1791 of *Hansard* for June 30. My question was:

1. Has the government, through the Department of Defence Production, recently awarded contracts for the purchase of trucks from the Ford Motor Company of Canada and from Mercedes-Benz Limited?
2. If so, how many from each company, and what was the amount of the respective contracts?

The minister was kind enough to reply, and without going into the details of that reply I may say it showed that $592,976.14 was spent in purchases of trucks from a Canadian company, the Ford Motor Company of Canada, and an amount of $363,817.63 for trucks purchased from a foreign corporation manufacturing this product outside of the country and in the country of origin, the company being Mercedes-Benz of Canada Limited.

The minister will understand my concern about this return in the absence of satisfactory explanations. I have in the constituency which I represent, and in the community from which I come, two of the large automobile plants of Canada. It is a community in which, as the minister knows, there continues to be a high level of unemployment at the moment, and it is somewhat difficult in the absence of a satisfactory explanation to understand why there should be these purchases from abroad, particularly when the articles purchased are not intended to be used by Canadian citizens as such but by officials in the employ of the crown in the right of Canada.

I understand that the argument made by the Minister of Trade and Commerce, to whom a comment was directed some time ago on this subject when his estimates were under consideration, was to the effect that it was necessary to have some balance between what a country bought and what it sold, but it seems to me that at a time like this with so much unemployment it could confidently be argued that we ought to be careful about making purchases of this kind.

The minister will note that in the report of the committee a reference is made in a general way not to this particular matter but to the character of the problem involved. In recommendation 3(2) it is urged by the committee that the Department of Defence Production should distribute purchases as broadly as possible in Canada. Under the rules of the house it was not possible to frame a question in such a way—so I was informed at the time—as to elicit information of a general character which would show whether or not there had been other purchases of this character at that time or since.

I understand that the Department of Defence Production acts simply as a purchasing agent, and it is not a question now of allocating responsibility or blame. But as the minister made this reply I hope he will be in a position to explain to the committee why, at a time when there is so much unemployment, particularly in my area, it should have been found desirable and necessary to purchase trucks and other motor vehicles in the proportions indicated in the reply made to me.

It may be argued that since there are Canadian troops overseas there was more to be gained by purchasing products from a company operating in the area where Canadian troops are located, in the interests of economy, in the interests of saving time and for the sake of efficiency generally. But on examination of the items I find that some of the vehicles purchased from both the Ford Motor Company of Canada and the foreign corporation are of the same type. For instance, on January 24 some 120 3-ton dump trucks were purchased from the Ford Motor Company in the amount of $384,197. Then on April 22 five of the same kind of vehicles were purchased from a foreign corporation, and likewise on May 21 more trucks were purchased. I should be very grateful to the minister if he would give us an explanation of this situation, possibly informing the committee what the practice is going to be in the future.

Mr. O'Hurley: In reply to the hon. member for Essex East may I state that I know the recommendation made by the committee in this connection was that the department was to purchase as much as possible in Canada. After consulting my officials I am pleased to report to the members of this committee, first, that the vehicles bought during the past year in Europe were bought essentially for our troops overseas. One of the reasons for this given by the officials of my department concerns economy with respect to repairs to the vehicles and the obtaining of parts. If the vehicles are purchased there they can be readily serviced and parts are easily obtainable.

I am greatly in sympathy with the remarks made by the hon. member for Essex East. Together with my officials I shall study this question when I have an opportunity to examine matters of this kind. Our policy is to encourage all industry in Canada. I think perhaps there might be some change in this policy of procuring vehicles for our troops.

The statement I wish to make to the committee in answer to the question with respect to our purchasing in Canada is that it is clearly desirable on economic and strategic grounds that defence production purchases be distributed as widely as possible throughout the country. I assure hon. members of the committee that we have considered and shall continue to consider this factor in awarding our contracts within the general context of distributing our purchases for defence production as widely as possible in obtaining supplies and services. I assure the hon. member that my officials and I will certainly study the question.

Mr. Lambert: Mr. Chairman, there is only one point I should like to make, and that is with reference to the comments of the minister concerning performance bonds in defence construction contracts. This matter has given me some concern because of the rather frustrating and bitter experiences I had representing as a solicitor the suppliers of materials and subcontractors for defence projects, where perhaps a general contractor had gone bankrupt or had become involved in certain financial difficulties because of the fact that it is impossible under law to file and maintain a mechanics lien against this type of crown property. It leaves the contractor, the subcontractor and the supplier in a rather difficult position, and one which is much inferior to the position they enjoy when carrying out normal commercial construction.

It may be said this is a calculated risk the contractor or supplier takes; but I would put it to you, Mr. Chairman, that if a contractor or supplier is going to take a calculated risk on this sort of thing he is going to protect himself in some measure by a price increase. I am wondering if the effect of the practice is not to increase the cost to the crown of some of these defence projects by reason of the fact that there is no way through a pay and performance bond or even a straight performance bond of achieving protection.

I would prefer to see established a pay and performance bond. I have seen the effect of such bonds in construction in my own province, and the recommendation of the committee certainly has much to commend it. I have seen the experience of ordinary performance bonds in construction carried on by other departments of the federal government, notably the Department of Public Works. Recently in Edmonton there was a very unfortunate bankruptcy during the construction of a federal building, and if it had not been for a performance bond the Department of Public Works would have been in a most difficult situation and the building program would have been held up for some considerable time.

Fully appreciating the thoughts expressed by the minister as to the value of a cash deposit rather than a performance bond, I would point out that while either answer is

neither totally correct nor totally wrong it does not represent a complete answer. In the case of a cash deposit the contractor must put up 10 per cent of the value of the tender. As we all know, some of the defence contracts are rather extensive and the large sum of money represented by the cash deposit is tied up for some considerable length of time. The contractor has to borrow that money and pay interest on it. The interest is charged to the crown through the tender price.

I am wondering whether the crown is getting as good a deal as it would if it adopted the policy of using pay and performance bonds or ordinary performance bonds. Admittedly the contractor will charge up the premium, but due to the fact that moneys are held on deposit for long periods of time interest must be paid during this time, and I feel an examination would suggest that there might be a greater element of cost to the crown as a result of the practice of requiring a cash deposit by the contractor. I recommend to the minister that most serious consideration be given to the alternatives rather than adhering to the policy of requiring a cash bond. I believe the committee has made a worth-while suggestion in this respect, and I would commend it to the minister.

Mr. O'Hurley: In reply to the hon. member for Edmonton West, as I said previously public works and Defence Construction Limited are subject to the Financial Administration Act. The comments made by the committee are very worth while. I am informed by my officials that it is not really the responsibility of defence production but it should be a recommendation to the treasury board. I am informed that they are studying the question of performance bonds at the present time.

Item agreed to.

Canadian Arsenals Limited—

83. Administration and operation, $1,800,000.

Mr. McIlraith: I wonder if the minister would mind explaining what appears from the form of the estimates to be a new item, No. 83. I understand it is largely a matter of form, but I should appreciate having the minister explain it to the committee.

Mr. O'Hurley: I shall be glad to do so, Mr. Chairman. In previous years, because much work was being done in the factories of Canadian Arsenals Limited, we did not require this item, vote No. 83. Since the beginning of this year production has constantly been going down, and we do not conceive of there being much amelioration in the months to come. That is the reason this vote is necessary.

Vote 83 is the one I singled out as showing a marked change from last year. These are the comments I made in committee. I should explain that since its establishment in 1945 one of the responsibilities of Canadian Arsenals Limited has been the maintenance in serviceable condition of certain facilities which were developed under crown ownership during or prior to world war II and which the government wished to conserve.

In the company's early years costs related to this custodial responsibility were defrayed by parliamentary votes. Later, with the development of the defence program because of the Korean crisis, the volume of production work became adequate to meet expenses out of sales and thus a nominal figure of $1 a year was submitted to cover operating costs.

Based on studies during the past several years the company estimates that a minimum economic volume of about $40 million in sales is required each year to permit the company's functions to be carried out on a self-supporting basis. According to the orders currently on hand, a probable sales volume of only $30 million is expected in 1958-59, or 25 per cent less than the above mentioned economic volume. On this basis, the company anticipates a manufacturing loss of some $2,300,000, which is expected to be reduced by miscellaneous revenue of around $500,000, derived mainly from services and rentals, thus producing the net possible requirement for the current year of $1,800,000 as shown in the estimates.

Mr. McIlraith: Would the minister mind telling us what plants of Canadian Arsenals are inactive at the moment?

Mr. O'Hurley: I am informed that none of our plants is out of operation. All of our plants are operating. We keep them all operating as much as possible but on a much lower schedule than before, but all of our plants are going to be kept in operation.

Item agreed to.

541. To provide capital assistance for the construction, acquisition, extension or improvement of capital equipment or works by private contractors engaged in defence contracts, or by Crown Plants operated on a management-fee basis, or by Crown Companies under direction of the Minister of Defence Production, subject to approval of treasury board—further amount required, $1,200,000.

Mr. Pearson: Mr. Chairman, I have no questions to ask under this item, but since it is the last item of this department I think it should perhaps be put on the record that in the last hour or so we have passed estimates amounting to almost $1,750 million. The reason that we have been able to pass these estimates with such speed should be made clear on the record of *Hansard*. These estimates have been previously examined by a committee which has worked many hours going into them in detail; otherwise, I am

sure, Mr. Chairman, we would not have been able to get them so quickly. Perhaps that should be on *Hansard*.

Item agreed to.

The Deputy Chairman: This completes the estimates of the Department of Defence Production.

DEPARTMENT OF THE SECRETARY OF STATE

383. Departmental administration, $282,666.

Mr. Howard: Mr. Chairman, last night at ten o'clock I had started to make some remarks with respect to the relationship between the employees of the federal government and their employer, namely the federal government, and was suggesting that those employees who, as I said, I would like to call public employees rather than the degrading name of civil servants, should be placed in substantially the same position as are employees of private industry, or as employees of any of the crown corporations particularly. They should have the right to organize into a union of their choice, which apparently they have and, following that, be allowed the same privileges, rights and responsibilities as are employees of crown corporations, in that the organization that they may join can apply for certification of bargaining authority under the federal labour act and be in a position to enter into negotiations with their employer, the federal government, in somewhat the same manner as do employees of crown corporations, such as the C.N.R. You might expect that the ultimate result of negotiations conducted in this fashion, if no satisfactory settlement is reached across the bargaining table, or with the assistance of a conciliation board, would be either a strike by or a lockout of our public employees. I am sure that many of them do not want to extend this type of relationship to the point of there being the possibility of a strike or a lockout.

There is a general understanding prevalent in the country at the moment, I think, that public employees and employees of the federal government do not have the right to walk out on strike. I would submit that that same impression was prevalent with respect to the British Columbia government employees up until last year when the organization of the British Columbia government employees, because of the difficulties they got into and because of their inability to get any satisfactory answer or solutions from the government of that province, decided that they would go out on strike. They did not reach the stage of ending up in a strike but nevertheless we now realize that in so far as the province of British Columbia is concerned, the employees of the provincial government of that province do have the right to strike. I assume the same situation exists with respect to the federal government but I am not suggesting that the establishment of some sensible negotiating procedure for our public employees in the federal field should extend to that end, and I am sure that they would not want it to extend to that end, either.

We can look at the position of firefighters employed by municipalities. In effect those employees as firefighters are in no position different from that of the employees of the federal government except that their employer is a different person. Firefighters work for a municipality and are therefore in the public service. Federal government employees work for the federal government of Canada and they are in the public service. I might add that other municipal employees are likewise in the same position. They have had established for them a procedure somewhat similar to that which I am suggesting at the moment. There should be a change in our attitude toward public employees and we should give them the same rights, responsibilities and privileges or substantially the same rights, responsibilities and privileges, I should say, in labour-management relations as have employees working for crown corporations, municipalities or private employers.

I know that this approach has been advanced in years past just as it is being advanced now. I submit that there is just as much validity to the argument in favour of this type of arrangement as there has been in any of the years in the past, and I hope the minister will undertake to express an opinion in this regard and announce some policy that will allow employees in the public service of Canada the right to conduct their discussions relating to wages, working hours, dismissals and grievances and so on, in a fashion that will permit an amicable solution to be found.

I submit that generally speaking there is no channel for finding solutions for some of these problems. You will recall, Mr. Chairman, that in recent days there was a discussion respecting the discharge of an employee in the Department of Agriculture working in the Montreal area. That is merely one case which has been discussed and it points up the necessity of providing some channel through which sensible discussion of these matters can take place. If there is failure after such discussion takes place then these matters should be placed in the hands of an outside tribunal to make a decision not only with

respect to grievances arising from discharge but with respect to other conditions of employment.

Hon. Henri Courtemanche (Secretary of State): Mr. Chairman, I should like to take this opportunity to thank hon. members who were kind enough to express to me their good wishes on the occasion of my birthday. I was indeed touched by their kind words in wishing a prompt recovery for my wife. I can assure my hon. friends that their gracious consideration and kind words are much appreciated.

I will make a statement to the hon. member for Skeena when we are discussing the civil service commission but I should like to answer the remarks that the hon. member for Ottawa East made yesterday. In the course of general remarks which the hon. member for Ottawa East made in the house on the seventh instant with respect to the estimates of the Department of the Secretary of State, the civil service commission, the office of the chief electoral officer and the department of public printing and stationery, the hon. member inquired as to the progress of the work of the royal commission on patents, copyrights, trade-marks and industrial designs.

Hon. members will recall that on June 10, 1958, pursuant to an inquiry directed to me by the hon. member for Ottawa East, I tabled the commission's report on copyrights. I am now pleased to announce that the commission's report on industrial designs was submitted to and accepted by the governor in council on the seventh instant and will be deposited with the Clerk of the house today. As to the commission's next report, which will deal with patents of invention, it is not expected to be submitted before some time next year, in the spring, it is hoped.

It has already been explained many times in the house that the assignment of the royal commission was of considerable magnitude and complexity and that the members of the commission can devote only a part of their time to this assignment as they have to continue the discharge of their normal functions. I should perhaps add that inquiries of this sort in other countries, in the United Kingdom, for instance, have usually extended over a considerable period of time.

(Translation):

Mr. Chairman, I should like to offer special thanks to the hon. members for Hull (Mr. Caron) and Ottawa West (Mr. Richard) for their kind words on the occasion of my birthday.

I also want to say how much I appreciated their courtesy in mentioning my wife who is now in hospital, but who, I hope, will very soon be able to come home.

As my department groups four different branches, I shall gladly answer all questions asked as each division comes up for discussion.

(Text):

Mr. Richard (Ottawa East): I am very happy that the report on industrial designs will be tabled today. Is the personnel of the commission the same or have any of the members resigned? I noticed that the minister did not indicate anything about trade-marks.

Mr. Courtemanche: We do not know yet if we will have anything on trade-marks but I would say to the hon. member that the members of the commission on industrial designs are the same. One man has resigned but has acted until the completion of the report.

Mr. Howard: I appreciate the comment of the minister that probably questions relating to public employees should be dealt with under the vote for the civil service commission. I had intended to deal with the matter under that vote except that it was raised last night and I thought it might be well to have a continuity of comment. I should like to suggest that the minister should consider one other matter with regard to the relationships between the federal government and its employees and perhaps he might comment on it on the civil service commission vote. I understand that so far as some of the employees of some of the crown corporations are concerned a system has been developed of establishing wage rates and relationships between wage rates which is commonly referred to as a job evaluation program or a co-operative wage study as it is known in other circles.

While I do not intend to give blanket endorsation to every type of job evaluation program that has been developed, most of them in private industry, nevertheless I feel that if a job evaluation program is developed by negotiation between employees and employer and is established on sound, scientific principles for determining wage rates and differences between categories it may be most beneficial both for the employees and the employer, in this case the federal government. I suggest that we should consider the establishment of a job evaluation program for federal government employees. I do not mean that it should be developed by the government and then imposed on the employees as a *fait accompli*. The government should not say, "Here is the plan that we have developed." I do not think that is a sensible way to develop such a program.

But if the federal government is desirous of entering into such a job evaluation program, and I commend the general idea very highly although not all types of such programs, then it should be done only by negotiation and discussion with the organizations representing the employees in the manner and spirit of collective bargaining so that the manual or base on which the program works will be agreed upon mutually first before it is put into effect. I would say also that such a program requires a fairly large degree of acceptance, probably 75 to 80 per cent of the employees affected, if the plan is to be of any great benefit. I reiterate that if the government is going to go into the field, and I suggest that it should, a plan should not be imposed upon the employees but that it should be negotiated with their representatives and, second, that there should be a pretty high percentage of acceptance by the employees themselves. This is one other facet of the question, in addition to that of the procedure of negotiation, with which I dealt earlier, upon which I hope the minister will comment when the civil service vote is under consideration.

Mr. Fisher: I have some specific questions I want to ask concerning the chief electoral officer and the civil service, but there was one general suggestion that I wished to make. I could make it to the Minister of Justice, the Minister of National Revenue, or the Secretary of State. I make it to the Secretary of State because he is the one who filed the answer to a question I asked about those books which, in the past year, had been banned from Canada because the people in the Department of National Revenue felt they were not up to the proper standard.

This whole question of the censorship of books, especially obscene literature, is one that is very much to the fore. It has been mentioned by quite a number of members. The suggestion I wanted to make to the Secretary of State was this. The list I received only covered the books that were banned within the last year. There is a much more extensive list, possibly covering 500 books. In the short list I received there were several books that I had read, some of which were out and out smut and had no business being in the country. Their literary merit was nil. This is my opinion, of course, and I expect it could be challenged by other people.

Since it is likely there will be legislation introduced next year concerning this question, I thought it might be a good idea for the Secretary of State to make arrangements to obtain copies of all of those books that have been banned by our so-called censorship authorities, not for general reading at all, but so that members of parliament could look at what has been decided in the past as being improper or unfit for Canadians to read. We would, in this way, get a much better idea of how the system has worked in the past. There have been many complaints about the system; that it has been a hit or miss affair; that it has been applied by men without any literary judgment, and so on. It seems to me that by adopting this suggestion we would bring home to members of parliament just what has been considered dangerous or bad reading for Canadians. It would give us a chance to assess, quite frankly, some of the various degrees of pornography, some of which are interwoven with aspects of literature.

I believe the Secretary of State would be the minister to do this because he tends to interrelate the activities of a number of departments in an official way. I would not make any official recommendation as to what should be done with the books after legislation has been introduced and after members of parliament have read them. I am not making this suggestion that the books be acquired in order to get members of parliament to read them, although I am sure they will show considerable interest in the rather delightful batch or miscellany that will be produced.

The points I want to make in connection with the civil service are highly derivatory. There are some suggestions made by Dr. J. J. Deutsch in an article entitled "Some Thoughts on the Public Service", which appeared in February, 1957. There are several good suggestions in this article. This gentleman worked for the public service for over 20 years, and is at present engaged by the University of British Columbia. The point that appealed to me most was his feeling that one of the prime difficulties with the civil service was that really exceptional talent did not rise to the top quickly. In his article he says:

> Alongside this problem of machinery there is the matter of selecting and bringing along outstanding talent. It is my impression that this is not being done early enough or fast enough. There is too much of what the Germans call *Gleichschaltung*—too much holding back to the pace of the average. It is the common complaint of those who consider the civil service for a career that advancement is too slow. There may not be much substance in this complaint in the general case, but in the case of exceptional ability it is very important.

I have noticed that the gentlemen who come into the civil service with a background of Rhodes' scholarship rise with remarkable speed to the top of the public service. I have no derogatory comments to make about

Rhodes scholars in any way or about their background. One of the points that I would make is that the reason they do advance so quickly lies not only in the talent that they have but through their prestige and status, given by these scholarships. There is a label on them when they go into the public service to the effect that these boys are good, so they get somewhere. I have the feeling that many people who go into the public service may have ability and talent, but because they have not that little prestige label they do not advance so quickly. I believe this particular point is worth some consideration by the civil service commission.

Mr. Deutsch goes on to give this expression of opinion:

> On the other hand, I do not believe there is anywhere a more impersonal organization than the civil service. The individual cannot locate anywhere the heart and conscience of the organism. There is no proprietor or general manager in the usual sense. The employee has to fall back upon rules and regulations, and, in his collective capacity, upon the passage of resolutions directed to the governing authorities and the general public. For the general body of the service there are no employee unions in the sense in which they exist in private industry. Consequently it is necessary to develop special machinery. The establishment of the national joint council has been a very important step. It is vital that the work of this council should be successful.

Then the author goes on to suggest that within departments personnel officers be given a much higher status in order that they could begin to breathe a bit of heart and personality into the machine to give the people within the service, to whom it is exceptionally impersonal and mechanical, a feeling that human considerations are very much to the fore. I would imagine that if hon. members and the minister have not had an opportunity of glancing at this piece of writing it would be worth while if the Secretary of State were to look at these general suggestions, bearing in mind what the hon. member for Skeena did bring to his attention as well as to the attention of the civil service commission.

Mr. Courtemanche: The hon. member's suggestion that certain books banned by the Department of National Revenue be acquired by the library of parliament is one for consideration of the joint committee on the parliamentary library.

So far as the civil service commission is concerned, I would deal with this matter when the estimates of the department are called.

Mr. Fisher: I am a member of the joint committee on the library of parliament and I was going to make the suggestion there, but I felt that if these books were acquired we would be leaving ourselves open to the appearance of suggesting that they become a permanent part of the book stock of the library of parliament. Obviously, most of them should not be given house room in any library. However, I think the members of parliament should have an opportunity to judge these books, and that is why I made the suggestion to the minister.

Mr. Pearson: I should like to congratulate the minister on the way in which he has managed to slip out of becoming the custodian of pornographic literature as well as the custodian of enemy property.

Mr. Aiken: Mr. Chairman, I have just one remark to make in respect to the statement of the hon. member for Port Arthur in which he advanced the proposition that people in the public service should advance in accordance with their ability. The hon. member for Port Arthur some days ago had occasion to remark that the proposition I put to the house contained some pretty good socialism, and I would like to say to him, through you, Mr. Chairman, that the subject about which the hon. member has been speaking seems to me like pretty good free enterprise.

Mr. Howard: The indication of the remark of the hon. member who has just spoken is that he thinks that is the situation. That is self-explanatory.

An hon. Member: It's a good thing he thinks —a lot of you fellows don't even think.

Mr. Hardie: I would like to suggest very briefly to the minister that in the case of the civil servants in the Northwest Territories we find that the housing supplied to employees of most departments, with the exception of—

Mr. Courtemanche: If the hon. member will pardon me, I will have the officers of the public service before me in a moment, at which time I will be able to answer this question. The officers before me at this time have to do only with the Secretary of State branch.

Item agreed to.

384. Companies division, $115,535.

Mr. Fisher: I have two questions concerning straight information which I would like to ask of the minister on this item. With respect to the companies division, I would like to know how much income accrued to the minister's department in this financial year from the activities of the companies division?

Mr. Courtemanche: $572,950.46.

Mr. Fisher: That is a fair amount of income. I suppose it would be possible to determine just how much surplus is embodied in that figure, although I think it would be difficult to assess the costs of this division. In the

opportunity afforded to me by the minister to spend some time in this particular division I formed the impression that this branch could be more money-making or profitable to the government. I do not mean that there should be a deliberate effort to make a profit, but it does seem to me that the service extended is a very complete one in the light of the fees charged and I was wondering whether the change in procedure in notifying companies in default, which is now being introduced, and about which the minister has informed us, will require much more money in terms of staff and time than was previously the case. If so, has any consideration been given to a further charge being made?

Mr. Courtemanche: The report was tabled in this house on May 22 and the member will find at page 7 that the expenditure for the companies division will be $107,285.98. In connection with the work in respect to companies in default a temporary staff of three typists only will be required for a period of a few months.

Mr. Fisher: I would like to make a suggestion to the minister in respect to the practice which has, I believe, been to put all records on microfilm after the passage of five years. I suggest that it might be even cheaper to use this microfilm process after one year. I am sure the minister is far more aware than I am of the lack of file space. Perhaps one year might be too short a time, but I think very shortly after the lapse of 12 months many of these records could be put on microfilm, which would increase the available space.

Mr. Courtemanche: I am informed by my officers that the files are kept for five years because they are required for that length of time.

Item agreed to.

385. Trade-Marks division, including a contribution of $3,800 to the international office for the protection of industrial property, $190,645.

Mr. Richard (Ottawa East): My remarks on the trade-marks division will not be extensive because I realize that the minister on another occasion—perhaps next year—will be able to answer more fully the type of comments I would make with respect to the law. I would say, however, that it has been the experience under the new trade-marks law that delays, statutory and otherwise, are very long and that the average company requiring registration of a trade-mark finds that it takes a very long time before it can ascertain whether this application will be granted and before it can receive a certificate.

I do not think of course that it is the time to raise the question as to whether the law should be changed, but I had hope that the royal commission would have taken another look at the Trade Marks Act. I realize that this is a fairly recent act but in the light of the operation over a few years I had hoped that there would have been an investigation in order to discover whether or not it was serving its purpose and whether the public at large and our commercial enterprises in particular were satisfied with the way in which the act is working.

More specifically, I understand that we have not at hand the report of the Secretary of State for the year ending March 31, 1958—

Mr. Courtemanche: It is available. It was tabled on May 22.

Mr. Richard (Ottawa East): Thank you. Then, would the minister advise for the record as to the net revenue of the trade-marks office for 1957-58? That will suffice for the present moment.

Mr. Courtemanche: Yes, the hon. member will find the figure at page 7. The revenue was $273,557.89.

Mr. Richard (Ottawa East): Am I correct in saying that during the previous year the figure was $260,000?

Mr. Courtemanche: That is right.

Mr. Richard (Ottawa East): So that there is not much variation in the net income to that branch but it is a paying branch at the present time.

Mr. Courtemanche: That is right.

Mr. Richard (Ottawa East): The only comment I wish to make is that I hope the minister will impress upon the royal commission the desirability of making a report on the Trade Marks Act. I say this particularly because the commission spent a great deal of time in investigating the trade-marks office and I am anxious, as I am sure all those lawyers who attend before this office are anxious, to find out whether we have the proper type of act and also whether from an administration point of view the act is being well handled.

Item agreed to.

386. Bureau for translations, $1,462,120.

Mr. Pearson: Mr. Chairman, I notice that the strength of the bureau of translations has been increased by one, from 294 to 295, and that the number of translators within that bureau has been increased by the same number. I think we all are very conscious of the importance of this bureau and of the necessity to secure translations of official

documents with the minimum of delay. Sometimes when delay occurs, as it is bound to occur, the fault is not in the bureau but in the fact that there are not enough translators there to do the work which is required and to do it as quickly as we would like. I want to ask the minister if he thinks that the strength of the bureau, which has now been increased by one, is sufficient to deal with the work required and to deal with it at reasonable speed.

Mr. Courtemanche: It has been increased in the supplementary estimates by 11 employees.

Mr. Chevrier: May I follow that up with another observation. It has been noticed in this house from time to time that there are some publications which are not translated into the French language and the question which occurs to me at the moment is why this should be the case. Further, as the Leader of the Opposition has said, there are instances where though the reports and publications are translated they are not translated concurrently with the English version, and I presume, although I do not know, that this is so because of the lack of translators. The Secretary of State has just said that in the supplementary estimates another 11 translators will be added. Does he think this number will be sufficient in view of the questions I have asked and in view, also, of another measure which is on the order paper, namely, the measure having to do with simultaneous translation? Is that a matter which will be the responsibility of the Secretary of State? Will he be charged with the responsibility for the specialized translators who will be required for this work, because I am sure that the Secretary of State has been at the United Nations and has seen the very highly specialized work that this entails. It is work of a difficult character, as he knows, and the question which arises in my mind at the moment is whether this will be his responsibility and, if this is the case, whether he is giving some consideration to this matter which all of us in this committee will agree is one of great moment.

Mr. Courtemanche: I am informed that the translation bureau is a service of the house. The bureau translates only when it is asked to do so. It does not come under the jurisdiction of the Secretary of State. Each minister can ask for translations, and translations are made when the bureau is asked to make them.

Mr. Chevrier: What about the other questions I asked?

[Mr. Pearson.]

Mr. Courtemanche: I am informed that eight interpreters are training at the present time and they will be ready pretty soon.

Mr. Chevrier: Is that eight out of the eleven?

Mr. Courtemanche: Eight out of the eleven.

Mr. Chevrier: May I pursue this question a bit further? What are the qualifications which are going to be required of these translators—I say specialized translators but perhaps I should not use that expression, but I presume a great deal more will be required of them than of the others—over and above those required for the present translators in the department?

Mr. Courtemanche: Their qualifications are a knowledge of English and French, a knowledge of the procedure of the house and of the terminology used.

Mr. Pearson: I take it from what the minister has now said that the additional strength of the bureau of translation to deal with the work which has been normally done by this bureau in the past is four, because eight out of the eleven provided for in the supplementary estimates will be doing simultaneous translations in the house, I take it also from what the minister has said that he considers this number to be sufficient to deal with the requests which are made to the bureau for translation services, and we know how important that work is and how valuable it is. The eight who are being provided for the simultaneous translation service of the house will be covered, I take it, by the supplementary vote we are coming to. The total amount of that vote would indicate, however, that the average salary to be paid to these simultaneous translators would be somewhere around $5,000. This is very skilled and very difficult work to do accurately, as those of us who have been at the United Nations realize, it is a very important kind of work. I know, as perhaps the minister may know, that in New York they have not found it easy to get qualified simultaneous translators although the amount that is provided as salary down there is about double that provided for in the supplementary estimates. I mention this matter to the Secretary of State because it will be important that these men should be highly qualified. I hope this is being taken into consideration in training people for this work.

Mr. Courtemanche: I am informed that the department has recommended having six more translators for the translation bureau. The amount provided in the supplementary estimates is only for nine months, and the rate of salary will be around $7,000.

Mr. Chevrier: May I ask another question dealing with the matter I brought up earlier in connection with those publications or documents of the house which are not translated into the French language? The minister gave the formal reply which is that his department translate what they are asked to translate, and I have no fault to find with that. But does the minister not think that he should go a bit further, since he has the translators at his disposal in his department, and say that when it is brought to his attention, as is being done now, and as has been done from time to time in the house, that there are publications which are not being translated into French or publications that are not being translated simultaneously with the English version when it appears such, does he not think that he should bring this to the attention of his colleagues in an endeavour to see that the English and French documents are tabled simultaneously?

Mr. Courtemanche: I will be very glad to deal with this matter.

Item agreed to.

Patent and copyright office—

387. Administration division, $144,650.

Mr. Richard (Ottawa East): Mr. Chairman, once again I speak about these reports. The minister said a while ago that the report had been tabled in May—

Mr. Courtemanche: Yes.

Mr. Richard (Ottawa East): For 1957-58. I wish I had a copy. In any event my first comment on patent administration is that I am aware of the fact that there is a royal commission investigating the Patent Act and I quite appreciate that it will take some time before we have a final report from the royal commission in this regard. I appreciate also that it will take some time before we have the final report of the royal commission in that regard.

One thing that very quickly strikes the eye of one who looks at these reports is the fact that generally speaking the number of applicants for patents who are Canadian citizens is very small compared with the total number of applications filed in any one year. In the period 1957-58 there were 22,257 applications for patents filed of which I believe 1,154 were Canadian. If my figures are correct they indicate that something in the nature of 5 per cent are applications from Canadians. One might say immediately that we in Canada are maintaining a patent system for people who reside outside of Canada, if one wanted to make that kind of statement. I have no real objection to the fact that applications for patents are granted to citizens of other countries. That is the system that has always existed and unless for some good reason of which I am not aware at present the commissioners decide to recommend otherwise I suppose it will continue.

My point is this. I am interested in knowing what is the effect on Canadian trade of granting patents to so many people outside of Canada. That is why I put those questions to the Minister of Justice and once to the Minister of Trade and Commerce. I will also ask the Secretary of State to ascertain whether within the royal commission itself there have been or will be any inquiries to find out in what manner the Patent Act affects trade in Canada. It is very evident that all important patents except perhaps those granted to the research council and the atomic energy commission and a few others in this country are granted to foreign citizens. The holding of patents can restrict trade and control prices. My main request of the minister is that he direct the attention of the royal commission to this fact and insist upon a better study of the working sections of the Patent Act, that is those sections which require that a patent shall be worked in Canada. I am afraid that too few people realize the monopoly which is created in foreign hands by the use of our patent system. With these few remarks concerning that feature of the Patent Act I shall leave the subject.

I would point out to the committee, however, that over the past few years the department has shown a deficit in income which decreased from $95,000-odd in 1953-54 to $279,000-odd in 1956-57. I do not have the comparative figure for 1957-58 immediately at hand but in any event it also shows a larger decrease. The crux of the matter is this. The deficit is due to the expenditure incurred in the printing of patents. The department incurs a large deficit because it prints its patents and that expense will recur from year to year. I should like to have the comments of the minister as to whether in light of these facts he still considers that our system of printing these patents is in the public interest and of sufficient value to warrant the expenditure. There is very little income through the sale of copies of patents. The total income in 1956-57 through the sale of copies was $86,000-odd according to the figures I have and the net loss was about $650,000. It is a matter that bears some investigation. As far as the printing done by the printing bureau is concerned it is of an excellent quality and involves complicated technical work. The actual cost of the printing is comparable with the cost

of work done in outside firms and I am merely questioning the principle of whether we should continue having a loss charged to that department which, as I said, amounted to $650,000 in 1956-57.

I feel that my remarks should be brief but, of course, I should like some comment from the minister as to whether he feels the technical staff is sufficient for the administration of this act and as to whether he has received any suggestions from the commissioner of patents concerning improvements.

Before taking my seat I must not forget to deal with one of my main bones of contention and that is the fact that the patent office has been moved to No. 8 temporary building near the experimental farm. If any hon. members have had to deal with patents in the past I know they will agree with me that this was a great mistake initiated by the previous government, I hasten to admit, but confirmed by the present government. There is no reason why this office should be bandied about from one place to another. It is the only place of record of Canadian inventions in this country. It is an important office where the public deals with the government from day to day and there was no valid reason for moving it from the centre of the city. The minister is not responsible for this but I suggest he could make a name for himself in the future by insisting that one of the initial projects undertaken by the Department of Public Works be the construction somewhere in the centre of Ottawa of a building to house the patents, trade-marks and copyright office.

Mr. Courtemanche: Mr. Chairman, in dealing with the matter raised by the hon. member for Ottawa East about the deficit, I should like to say that a deficit is inevitable if the fee which is now $60 per patent is to remain the same. The high cost of printing and salaries are the principal reasons for the deficit in so far as expenditures are concerned.

Our deficit for 1957-58 is about one-third of our revenue whereas the deficit of the United States patent office for the year ending June 30, 1957 is more than 140 per cent. It may be of interest to state that in the United Kingdom where the fee is as high as $370 per patent including annual fees the deficit for 1956 is slightly less than 5 per cent of the income. In any event it is felt that no attempt should be made to eliminate or reduce our deficit through an increase of fees or through a decrease of our expenditures which would involve a radical change in our present system until the commission has submitted its recommendation. There are at present 11 vacant patent examiner positions three of which will be filled shortly, and since the recruitment period is now over very few additional patent examiners will be recruited during the balance of the current financial year. These vacant positions are often used to meet needs that were unforeseen when the estimates were prepared before the start of the fiscal year. For instance, some of those vacant positions of patent examiners are presently being used for students hired as assistant patent examiners for the summer.

As far as the building is concerned, I am informed that in the near future we will have a new building.

Item agreed to.

621. Bureau for translations—further amount required, $58,800.

Mr. Chevrier: Are these the 11 translators the minister referred to earlier?

Mr. Courtemanche: Yes.

(Translation):

Mr. Caron: Mr. Chairman, before the discussion on this item is concluded, I would like to make a slight correction. Last night, I said that the food in the printing bureau's cafeteria was tasteless. I must say that the complaints that had been made to me went back to before May 1st. I have been told since that there has been a change of concessionnaire and that things are now much better. I therefore ask the hon. Secretary of State to ignore the complaints I brought to his attention last night. If I have any new ones, I shall submit them to him.

Mr. Courtemanche: Mr. Chairman, I thank the hon. member for Hull (Mr. Caron) for his kindness.

Civil service commission—

77. Salaries and contingencies of the commission, $3,434,161.

Mr. Chevrier: Mr. Chairman, I would like to say a word at this stage about the civil service commission. I need not point out to the Secretary of State that he has jurisdiction over a very important group of employees of the government of Canada and that, apart from those who come directly under him, there are a very large number of federal employees who, while not coming under the minister's jurisdiction, nevertheless benefit from the provisions of the Civil Service Commission Act.

During the present session and even before, some of the Secretary of State's colleagues have been making very unkind remarks with respect to members of the civil service. Indeed they stated that certain civil servants were lazy and did not acquit themselves of their duties. They also made other statements which I do not

intend repeating here for fear of detaining the committee. I did feel at the time however—and I think that a large majority of the members of the House of Commons as well as the Secretary of State himself must have shared that feeling—that those statements were altogether unfair and should never have been made. Under the circumstances, it seems that the question which must be put is this. Aware as he is of the statements made, does the Secretary of State feel they are true? If so, what action has he taken to ascertain the truth, if any, of those remarks? If they are inaccurate, as I have every reason to believe, would the Secretary of State be so kind as to make a statement on the matter?

Mr. Courtemanche: Mr. Chairman, I thank the hon. member for Laurier (Mr. Chevrier) for raising that point. Yesterday evening three other hon. members referred to the civil service commission and since their remarks were made in English, the hon. member for Laurier who is perfectly bilingual, will allow me to give my prepared statement with regard to the civil service commission in the same language.

(Text):

Before commenting on the observations on the civil service which were made last evening by the hon. members for Ottawa East, Hull and Skeena and this afternoon by the hon. member for Laurier, I feel I should say a few words in reference to the relationship of the government in general and the Secretary of State in particular to the civil service commission. Confusion on this subject continues to persist in many quarters.

Under the law, the civil service commission is responsible not to the ministry but to parliament. The Secretary of State in no sense administers either the civil service or the commission. He is simply the spokesman designated by the government to report to parliament on the commission's behalf and to act in the capacity in which I am now acting, namely to present to parliament the commission's annual estimates of expenditure and to recommend their approval on behalf of the government. This independence of the civil service commission is at the heart of the arrangements established by the Civil Service Act of 40 years ago. It is essential to the preservation of the merit principle on which the Canadian service is based and to which this government attaches the highest importance.

Both the hon. member for Ottawa East and the hon. member for Hull, and this afternoon the hon. member for Laurier, spoke of the high quality of the civil service of Canada. The present government is fully appreciative of this fact and the Prime Minister and other colleagues of mine have had many occasions, in and out of this house, to pay tribute to the loyalty, devotion and efficiency of the great body of men and women who have made their careers in the direct service of the nation. This, however, is not to say that improvements cannot be made in our law and practice with respect to civil service matters and it is with this in view that the government asked the civil service commissioners to make their current thoroughgoing review of the present act, regulations and procedures. Incidentally, their report is expected to be in the government's hands by the end of the year.

The hon. member for Ottawa East made a number of suggestions in connection with this current review, such as a clearer definition of the commission's powers and duties, its relationship to the financial controls exercised by treasury board, improved procedures for selection and for appeals on promotions. He also spoke of the commission's role in regard to working conditions. I can assure my hon. friend that these questions are now under very active examination by the commissioners and that they will take seriously into account his observations on these and other topics in preparing their recommendations to the government.

With regard to salary and wage levels in the civil service, as hon. members will know the recommendations which under the law the commission is required to make to the government are made not through the Secretary of State but through the Minister of Finance.

The hon. member for Ottawa East made a reference to the value in a Canadian civil servant of a knowledge of our two national tongues. He felt that such knowledge should be taken into proper account in selecting men and women for appointment. As he cannot fail to know, I share warmly his views in this respect, and I am informed that the present commissioners have a lively appreciation of the value of bilingualism in the service.

The hon. member for Hull referred at some length to what he described, I think, as a "malaise" prevalent among certain civil servants. He seemed to imply that there was an impression abroad that under the present government civil servants were subject to unfair attack and had some sense of insecurity. He said a good deal about the duty of the minister to be the champion and defender of civil servants. Such fears, if they exist, are wholly without foundation. As I have already said, the present government respects and supports, and intends to

continue to respect and support the independent status of the civil service commission and a civil service selected and administered on the basis of quality and merit. There will be no change in these respects in any legislation that will be introduced into parliament by this administration.

In reply to the remarks of the hon. member for Skeena concerning the extension to the public service of a greater voice—incidentally, I cannot share his distaste for the traditional and honourable term "civil servant" —I can do no better than to quote as I now do what the Prime Minister said on this subject in an address he delivered on May 1 of this year to the civil service association of Canada:

> I believe that civil servants, through representatives of their organizations, should have a greater voice in the process of determining civil service salaries. There should be a more systematic method of bringing your views and your information to bear in the application of those principles of salary policy on which there is already a wide measure of agreement.
>
> I think this improvement can be achieved within the general framework of institutions and laws which we have already. What is needed is more opportunity and better arrangements for your representatives to sit down at a table with officials representing the government and with officers of the civil service commission, having the essential facts and figures before them, to discuss in detail the comparisons between civil service salaries in various classifications and the pay for similar work in private employment. From this I would hope a common understanding could emerge; and will provide for a better understanding.
>
> Several of my colleagues are working now on this question, as is the civil service commission, and I hope that it will be possible to proceed with improvements along this line in the near future.

Mr. Chevrier: Mr. Chairman, I think the house will welcome the statement the Secretary of State has made. I am sure it will have the effect of relieving to a large extent many of those who have felt embarrassed by some of the incidents that have been taking place in the house within the last short while. I do not want to go back to those incidents and certainly I do not want to discuss any individual case at this stage, but I should like to go a step further and discuss the matter in a general way.

I think the minister was in the house the other day when there was put on *Hansard* the practice of the house down through the years with reference to political patronage and the dismissal of employees of the civil service, both the outside service and the inside service. That policy was outlined by former leaders of the House of Commons including the late Sir Robert Borden, Sir Wilfrid Laurier, Mr. Mackenzie King, Lord Bennett and others. The practice which was established during those years was that a member of the civil service should not be dismissed from public office without a certificate of a member of parliament, in other words, without a member of parliament stating that of his own personal knowledge he was aware that a member of the service had taken part in political activities.

While I put that on the record at the time I did not in any way condone it. On the contrary, I think my remarks indicated that I did not condone that kind of practice and I am wondering whether the minister has given any consideration to the changing, indeed, the modernization of that practice which has become obsolete and which in fact is so unfair, having regard to the circumstances under which we live today, as to demand immediate change. I believe there is no other way in which I can bring this up in the house than under the estimates of the Secretary of State, whose department is responsible for this group of employees.

I think that the time has come to give consideration to the changing of this policy, this old resolution, this tradition which has grown up over the years and to substitute in lieu thereof something more in keeping with our day and age, certainly to substitute in lieu thereof a public hearing or an inquiry by an impartial tribunal when charges of this kind are made. It seems to me to be entirely unconscionable that we should be dealing in 1958 with dismissals from the public service, be it the civil service of Canada or the outside service, of those who are prevailing rate employees, of those who are casual employees or who benefit from the advantages of superannuation, sick benefits according to this obsolete practice.

It would seem to me that the time has come when this outdated and outmoded practice should be brought to an end. The point I should like to make now is that if the minister has not given the matter consideration I believe he should, and I believe that it should be determined how in the future the services of any civil servant, any member of the public service of Canada who is accused of political activity or against whom any other accusation is made in the performance of his duties, might be dispensed with. I trust that the minister is not one of those who would condone conduct whereby an employee of the public service would lose his employment and thereby his livelihood without proper consideration being given to the circumstances of dismissal, without an impartial tribunal being charged with the responsibility of hearing the evidence pro and con so that a fair decision, having regard to all the circumstances, might be rendered.

Mr. Howard: I appreciate very much the comments of the Secretary of State, especially his quotation from the address by the Prime Minister which in a general way sounds very

good. But I should like to make some inquiries with respect to specific procedures. I would point out that submissions have been made by the civil service federation of Canada through the civil service commission regarding improvements in the act and the regulations. Incidentally, this material was just given to me and I find on looking through it very quickly that it coincides with the suggestions I made earlier regarding negotiation procedure.

I wonder whether we could not have a clearer indication of the attitude of the government because even though, as he says, the minister acts only in the capacity of reporting to parliament on the estimates of the civil service commission, the Civil Service Act comes under the authority of the cabinet which makes suggestions in so far as changes are concerned. I would appreciate, and I am sure the civil service federation and other federal government employee organizations would appreciate, knowing what the attitude of the government is with respect to their specific suggestion about negotiation procedures; their suggestions with respect to outside tribunals dealing with grievances for which no satisfactory settlement is reached. I think we should have a clearer understanding of the attitude of the government in this regard, rather than a reiteration of the general statement of the Prime Minister.

(Translation):

Mr. Caron: Mr. Chairman, following the remarks we made yesterday, the minister seems to have understood that we wanted him to intervene directly with the civil service commission. If we gave him that impression, we regret it. For my part, at least, I meant exactly the contrary. I am convinced that the civil service commission is independent and that it should remain so. What we requested was that the minister, who is responsible for the adoption of the estimates of the commission by this house, act also as the protector of the civil service commission and civil servants who depend on him when they are attacked unfairly.

Some hon. members—I am not talking about the minister personally, who has always been very tactful with civil servants—but some hon. members—especially one whose name I do not remember and whose constituency I would not dare mention, but who comes from the far west—attacked civil servants in an exceedingly violent fashion, so much so that at one point the Prime Minister had to step in. Other hon. members, without making direct remarks, indulged in interjections in some debates, by shouting and saying that it was true or false, according to the way they felt about it. That, I think, is what creates a certain uneasiness, especially when a minister takes it upon himself to dismiss a civil servant and to accuse him in this house of being guilty of irregularities, if not of plain dishonesty, then refuses to produce evidence of the civil servant's guilt, all this without ordering an inquiry where the man could have had an opportunity to defend himself. This uneasiness is all the greater for having been created by a member of the cabinet. That is why I urge the Secretary of State to ask his cabinet colleagues to safeguard civil servants' rights to defend themselves when they are attacked.

As I said yesterday, if they are guilty, they should be dismissed. I am not in favour of keeping in the civil service people who do not deserve to hold a position in the public service, but it is necessary that they be granted a serious and impartial inquiry where they would have a chance to defend themselves, in order to find out whether or not they are really guilty.

I would have liked to deal with the matter of promotions. I know however that the commission is carrying out a very thorough study of this matter. In fact it is probable that early next session we might review the whole Civil Service Act. Any lengthy remarks in this regard would therefore be premature. We know that, at the present time, when an employee has applied for promotion, the rating given by the department involved might reverse the decision taken by the commission on the basis of the promotion competition. Needless to say, this can at times give rise to unfairness because of certain particular and personal considerations involved between certain applicants and the responsible official of the department concerned, and the civil service commission cannot interfere.

I will leave it at that. I bring up the matter so that when the legislation comes up for review, we will be able to deal with that aspect of the question.

Mr. Courtemanche: Mr. Chairman, when I said that certain hon. members seemed unaware of the fact that I am merely spokesman for the civil service commission, I did not have the hon. member for Hull in mind. He is too politically wise to be credited with such intentions. I made the statement, in a general way for the benefit of hon. members, especially the new ones, who had the impression that I was in charge of the civil service commission. I wanted to make it clear to them that I am merely spokesman for the commission.

As I have no wish to overstate the point, I will answer the hon. member for Laurier (Mr. Chevrier) in French. Though the hon.

gentleman did not refer to any specific case, as the hon. member for Hull (Mr. Caron) had done, he did make certain remarks which enabled us to guess what he had in mind. Now I understand that the case familiar to everyone does not come under the civil service commission.

I am told that this particular employee did not come under the jurisdiction of the civil service commission which is governed by a very clear section as regards political activity by any of its employees.

Section 55 states that an employee of the civil service commission has no right to meddle in politics.

The hon. member for Laurier will understand that, after having administered and studied that department for two months, I am not yet familiar enough with the situation to carry on a long discussion, but I am informed that, in the case under discussion, when the minister—this has always been recognized—when the minister is in possession of an affidavit stating that this or that employee of this or that department has meddled in politics, he is empowered to dismiss him. Well, in this case, that individual had meddled in politics, and I would not like—

(Text):

The Deputy Chairman: It being five o'clock, it is my duty pursuant to standing order 15 (3) to leave the chair in order to allow the house to proceed to the consideration of public and private bills.

Progress reported.

PRIVATE BILLS

Mr. Speaker: As there are a number of private bills standing for consideration in committee of the whole, is it agreed that they be referred to the committee in one motion?

Mr. McIlraith: Is that all of the private bills?

Mr. Speaker: Items 42 to 107; they are all divorce bills except Bill No. S-6, respecting Trans Mountain Oil Pipe Line Company.

Mr. Howard: Excuse me, Mr. Speaker, did I understand you to say item 107 also?

Mr. Speaker: Yes.

Mr. McIlraith: Would it not be more agreeable to the house to deal with all the divorce bills in a group, and with the others separately?

Mr. Speaker: Is it agreeable that all divorce bills be referred to the committee in one motion?

Some hon. Members: Agreed.

[Mr. Courtemanche.]

Mr. Peters: Mr. Speaker, I should like to ask that the bills be considered separately.

EILEEN ROSE BROWN PORTEOUS

The house in committee on Bill No. SD-154, for the relief of Eileen Rose Brown Porteous—Mr. McCleave—Mr. Rea in the chair.

On section 1—*Marriage dissolved.*

Mr. Peters: We in this group have for a number of years opposed the passing by this House of Commons of these bills as private members' bills. We feel that a great deal of responsibility is being placed on members of parliament and that in many cases when the cases are dealt with en bloc they are not given the scrutiny which I am sure this house would wish to give them. We do not agree that this House of Commons, in the first place, should have anything to do with the passing of these bills, but in view of the existing situation we feel that there must be some understanding of this matter before we are asked to pass these private bills. I am sure that the chairman of the committee which has examined these bills would be quite happy to answer certain questions and, in the particular case under discussion, I would like to ask if this is the proper section under which to ask whether the petition for the relief of Eileen Rose Brown Porteous was contested?

Mr. McCleave: Mr. Chairman, the petition was not contested.

Mr. Peters: Was the evidence in this particular case obtained by private detectives?

Mr. McCleave: The evidence was obtained from two private detectives named Messrs. Charron and Nelson, among other witnesses.

Mr. Peters: Did the alleged adultery take place on commercial premises, that is to say in a hotel, motel or other public place?

Mr. McCleave: The respondent in this case was caught in the apartment of a woman. I presume the answer is no.

Mr. Peters: Was any photographic proof of adultery presented? We understand that some of the courts in some provinces accept photographic proof, and upon reading the evidence in this case we think it would be advantageous if there were more definite proof of adultery.

Mr. McCleave: The answer once again is no. The only photographic evidence was a photograph of the respondent.

Mr. Peters: In this case did the respondent appear before the Senate committee hearing the case?

Mr. McCleave: The respondent was called but he did not appear.

Mr. Peters: Was it established that the petitioner met the requirements of the residence clause?

Mr. McCleave: I presume my hon. friend is referring to domicile, Mr. Chairman. I believe the evidence in this case is that the husband had lived in the city of Montreal. It would take but a moment to refer to the evidence if the house will give me that privilege. The only evidence in the case is that the couple were married in 1943 when the respondent was living in Montreal and that he has since lived in that city.

Mr. Peters: When was the petitioner married?

Mr. McCleave: The parties were married on or about July 10, 1943.

Mr. Peters: How long is it since the petitioner has lived with the respondent?

Mr. McCleave: The parties separated six years ago, in 1952.

Mr. Chown: On a point of order, Mr. Chairman. I think the house should know that the hon. member who is obviously speaking in an attempt to delay the passage of these bills—

Some hon. Members: Order.

Mr. Chown: —was a member of the committee concerned.

The Deputy Chairman: I will have to ask the hon. member to state his point of order.

Mr. Chown: The point of order I am raising is that the hon. member was a member of the committee which dealt with this matter. He assented to these bills in committee, where he could have asked any questions he wished about the case in question. I can read nothing else into his actions than a desire to delay the passage of these private bills when he uses the tactic of coming before this house to ask questions which he could have asked in committee.

The Deputy Chairman: I do not think that is a point of order. I do not see why any member who wishes to ask questions of the chairman of the committee in question may not do so.

Some hon. Members: Hear, hear.

Mr. Peters: Mr. Chairman, are there any children of this union?

Mr. McCleave: There are no children.

Mr. Peters: As a result of the passage of this bill, would the woman in question be destitute?

Mr. McCleave: I believe not, Mr. Chairman. The evidence is that they have been separated since 1952 and that the woman has worked steadily since the separation.

Mr. Peters: Has the committee satisfied itself that there is or is not any possibility of reconciliation between the parties involved?

Mr. McCleave: I think the answer to that probably involves the reasons the parties separated in the first place. The evidence of the wife was that the husband drank quite a bit and stayed out at nights and that they did not get along. She said they argued a lot and the point raised by the hon. member was important to the Senate committee when considering these matters. In this particular case, as in other cases, the gentlemen from the other place satisfy themselves by asking questions as to the possibility of reconciliation between the parties. The evidence in this case is that there was no such possibility.

Section agreed to.

Section 2 agreed to.

Bill reported, read the third time on division and passed.

ANITA DUGUAY BRAIS

The house in committee on Bill No. SD-155, for the relief of Anita Duguay Brais—Mr. McCleave—Mr. Rea in the chair.

On section 1—*Marriage dissolved.*

Mr. Martin (Timmins): It has been said by an hon. member that the hon. member for Timiskaming was a member of this divorce committee. I also was a member of that committee, but I think it is readily recognized that we are not only members of that committee but, fortunately or unfortunately, we are members of other committees which do meet at the same time. Owing to the rush of business during the current session the committees have also had to meet at various times when the house has been sitting, and as a result I for one have found it absolutely impossible to give to these divorce bills the necessary care and scrutiny we are honour bound to give to them.

I have noticed with respect to these bills that various matters arise which are of a general nature and I have endeavoured in the short time available to discover whether there is any clear-cut system of dealing with these bills. I must say that at least to date I have been unable to complete any kind of a survey of these matters that would lead to any answer as to the pattern, so that in future I think that possibly we should take these matters under consideration and take some of these bills and ask questions

to see how much study other people have given to them that we have not been able to give.

An hon. Member: Who are you?

Mr. Martin (Timmins): I see the hon. member for Winnipeg South is up to his usual contribution to this committee. I should like to have a few answers with regard to this particular bill because I do not believe I was at the committee which dealt with it. Was this case contested?

Mr. McCleave: Mr. Chairman, the answer is no.

Mr. Martin (Timmins): Again, was the evidence obtained from private detectives, or from what have been referred to in some of the committees as professional witnesses, or was it by private witnesses in this case?

Mr. McCleave: The answer is that it was not obtained by private detectives. One of the witnesses of adultery which occurred in the common residence was the wife, and another was a theatre manager.

Mr. Martin (Timmins): Was the evidence obtained in a hotel, or in what kind of establishment?

Mr. McCleave: I have just answered that question. The evidence was obtained in the parties' own home. The woman returned home unexpectedly.

Mr. Martin (Timmins): Are there any children involved in this case?

Mr. McCleave: There are no children involved.

Mr. Martin (Timmins): I have one more question. Has any provision been made for the woman in this case or is she going to be placed in an embarrassing financial position?

Mr. McCleave: Ordinarily these are matters which are outside the jurisdiction of parliament. The aggrieved party goes to the courts of the province of Quebec. I do not see in the evidence, nor have I in my study of the evidence noted, that there was any such agreement in this case, but it may possibly be there.

Clause agreed to.

Clause 2 agreed to.

Bill reported, read the third time on division and passed.

SYDNEY LESSER

The house in committee on Bill No. SD-156, for the relief of Sydney Lesser—Mr. McCleave—Mr. Rea in the chair.

[Mr. Martin (Timmins.)]

On clause 1—*Marriage dissolved.*

Some hon. Members: Oh, oh.

Mr. Howard: Thank you for the applause. I feel rather let down because I did not get as much applause as some hon. members on the other side. Thank you. That is better.

I have no intention of reiterating the general comment which my hon. friend had to make, except to say that the more applause I get the more convinced I am that I am doing the wrong thing. I may say that any time the Conservative party begins to applaud me I am sure I am on the wrong track. There are some things here that should be dealt with in a serious vein, and the applause and desk thumping before this was not serious but facetiously entered into.

An hon. Member: So were the questions.

Mr. Howard: Someone says "so were the questions". That shows how serious he is.

An hon. Member: Read the evidence.

Mr. Howard: We have some questions to ask. We should like to know if the petition was protested.

Mr. McCleave: The answer is no.

Mr. Howard: We are trying to establish a pattern to this, in order to bring it to the attention of the public, and I should like to determine whether the evidence in this instance was obtained from private detectives.

Mr. McCleave: The evidence was obtained by two public detectives, Wiseman and Wiseman.

Mr. Howard: Was the scene of the alleged incident, the alleged adultery, on commercial premises, and, if so could the hon. gentleman describe generally what it might be?

Mr. McCleave: The scene of the alleged adultery in this case was the Campus Hotel which I understand is in the downtown part of Montreal. The parties had been followed there.

Mr. Howard: In this instance was there any definite proof of adultery having taken place, or any admission of adultery or was it by implication that adultery was established?

Mr. McCleave: I believe the fair answer was that it was by implication. I presume the question really means: was the adultery inferred from the situation in which the couple were found. The answer is that the adultery would be inferred.

Mr. Howard: Are there any children, and if there are, do you know in whose custody these children are to be left and what is the financial position with respect to them?

Mr. McCleave: This is a somewhat unusual case. There was a child concerned, but not the child of the two people. The wife had custody of this particular child but they themselves did not have children.

Clause agreed to.

Clause 2 agreed to.

Bill reported, read the third time on division and passed.

STELLA RACHEL CATER HARRIS

The house in committee on Bill No. SD-157, for the relief of Stella Rachel Cater Harris—Mr. McCleave—Mr. Rea in the chair.

On clause 1—*Marriage dissolved.*

Mr. Regier: This particular bill has one rather serious feature and that is that these people were married on October 8, 1955 and the lady is alleged to have left her husband less than one year later. Both parties are relatively young, and it seems regrettable that people who were married in 1955 and who were parted some eleven months later should now already be the subject of a bill before the parliament of Canada in which there is a request for a release from their marriage vows at least as far as the law is concerned.

I should like to point out that it is very often said that we grant divorces to these people in the parliament of Canada. We do no such thing. We do not recognize divorce. In taking these actions all we achieve in effect is to relieve the petitioners from being liable to a bigamy charge should he or she remarry.

We relieve them of their legal obligations. That is altogether different from the granting of a divorce although it may be recognized as such. In light of the fact that these people lived together only 11 months, may I ask the chairman of the committee if there is any possibility of a reconciliation and if he knows what efforts have been made toward obtaining a reconciliation?

Mr. McCleave: Mr. Chairman, if the evidence in this case is properly reported in the report of the committee of the other place, we have here a marriage in which the woman —I was going to say was in her autumn years but it would be impolite to refer to a lady's age in that fashion—was in the late summer of life. In other words, these people were not youngsters when they married. The hon. member is perfectly right when he pointed out they did live together less than a year. In that time apparently they could not strike accord. The evidence was that the husband was drinking and on one occasion she entered the front door and he went out the back door with another woman. I suppose they established their incompatibility early. The standard question about reconciliation was asked in this case and what I perhaps could describe as the standard answer was given to the effect that she did not feel it would be possible to reconcile with him.

I do not know what efforts are made in these cases to effect a reconciliation. In this case the evidence does not say that a minister or friend of the family was called in to assist this couple to get together. That might have happened but it does not appear in the record.

Mr. Regier: Were there any detectives in this case? If so, how many detectives were there? Who were they?

Mr. McCleave: There were detectives in this case; once again the firm of Wiseman and Wiseman.

Mr. Regier: Mr. Chairman, I appreciate the remarks made by the sponsor of the bill. I realize something of the difficulty he has when as the sponsor of these bills he has to spend so much of his time reading all the information that comes to him in order to properly discharge his responsibility. The evidence contains the following question:

> How long did you know your husband before you married him?

As recorded at page 10 of the evidence the reply was as follows:

> I went out with him for about a year before we were married.

The hon. member is perfectly right when he says these people were no longer young. The woman is 40 so she must have been about 36 or 37 when she began going out with this man. She went out with him for a whole year and then she married him and almost immediately they found that married life was extremely difficult. I should like to call the hon. member's atention to page 11 of the evidence where Senator Thorvaldson asked the woman the following question:

> You couldn't take what, his late nights, the fact of him coming home late?

The reply was as follows:

> Carrying on with other women . . . I couldn't live with a man who was going out with other women and carrying on.

This indicates a continuing process of misconduct on the husband's part. It is most unusual that this should be referred to as a continuing error or transgression. She had known him and gone out with him for a year before the marriage and less than a year after the marriage she referred to his behaviour in

this fashion. Again she was asked the following questions and gave the following answers with respect to the possibility of a reconciliation as reported at page 11 of the evidence:

Q. Is there any chance of a reconciliation?
A. No.
Q. Would you forgive him?
A. No.

I wonder if the hon. member would care to comment on whether it is possible in his province and in most provinces of Canada to obtain a divorce when there has been little effort made toward reconciliation?

Mr. McCleave: Before answering the question, Mr. Chairman, may I point out the danger of discussing these cases in this house, in doing so we are using people's names and placing them on the public record whereas if we dealt with these matters in committee it could be done behind closed doors where some of these problems could be threshed out.

In reply to the hon. member's question I have found that the cases are very much the same in provincial courts in my experience. The hon. member wants to know if there is any machinery requiring efforts at reconciliation. In these cases from time to time you will find a man or woman who has encountered marital difficulty because the other party has been unfaithful and yet in a decent desire to preserve the marriage the individual enlists the aid of a minister, social worker, close friend or sometimes a psychiatrist to attempt to get to the bottom of the problem and find out what is wrong but there is no compulsion on people to do so. If people want to disagree they cannot be compelled to agree and live out their lives fighting with each other.

Clause agreed to.

Clause 2 agreed to.

The Deputy Chairman: Shall I report the bill?

Some hon. Members: On division.

Bill reported, read the third time on division and passed.

SAMUEL JACK GOLDBERG

The house in committee on Bill No. SD-158, for the relief of Samuel Jack Goldberg—Mr. McCleave—Mr. Rea in the chair.

On clause 1—*Marriage dissolved.*

Mr. Howard: Mr. Chairman, I have one or two brief questions on this bill. I appreciate that it may not be a good practice to place people's names and incidents on the public record but I am more particularly concerned about the question of the evidence and the surrounding circumstances relating to the acceptance of these by the committees of the other house. My questions will follow the same pattern as before with respect to the acceptability of the evidence and the manner in which it was collected in an effort to ascertain if there appeared to be some organizations or individuals who make their entire livelihood out of appearing as professional witnesses in these cases. Was the evidence in this instance obtained by what we classify as private detectives and, if so, would you indicate who they were?

Mr. McCleave: In this case there was one private detective named Etheridge who appears quite frequently in divorce cases before committees of the other place. There must always be corroborating evidence under the rules of the other house and in this instance the corroborating witness was the husband.

Mr. Howard: Was the scene of the alleged adultery on commercial premises and, if so, would the hon. member care to comment on this?

Mr. McCleave: No, the scene in this particular case was the correspondent's apartment.

Mr. Howard: With respect to the evidence was it as a result of some one witnessing an incident or by reference from the circumstances surrounding it?

Mr. McCleave: Mr. Chairman, the answer to that is that the detective and the husband burst into the correspondent's apartment at a very early hour in the morning. I am a little reluctant to, but I will if I am compelled to, give some of the details. In this particular case, which was a contested case, and which was therefore very thoroughly before the Senate committee, what they found, as the hon. member will find in the evidence, is that the wife was caught in one of the rooms of the apartment in a state of undress.

Mr. Howard: I will not press any farther on that. Are there any children? If so, in whose custody do they remain? What are the financial circumstances so far as caring for the children is concerned?

Mr. McCleave: There is one child who will now be approximately two years old. I would have to refer again to the evidence. I do not have it immediately at hand. There is some support given by the husband to the wife in which case I assume it is for the child's interest, although that is only an assumption.

I would have to go further into the evidence of this case to give the details.

Clause agreed to.

Clause 2 agreed to.

Bill reported, read the third time on division and passed.

BEATRICE CLAIRE CARMICHAEL GLAS

The house in committee on Bill SD-159, for the relief of Beatrice Claire Carmichael Glas —Mr. McCleave—Mr. Rea in the chair.

On clause 1—*Marriage dissolved.*

Mr. Peters: In this case I notice that the Wisemans are again involved as private detectives. I also notice that there are some discrepancies in the evidence. Did the Senate give any consideration to this matter of private detectives and the value of their evidence? I think it is safe to say that if any collusion or agreement was arrived at before this divorce, obviously the House of Commons cannot pass this bill. It would at least cause suspicion to know that the Wiseman partners have been in three of the bills that we have been discussing in the last few minutes. It is also surprising, when you read their evidence, to find out how similar the circumstances are in each case. It would appear to me that evidence given in this manner by professional witnesses should be supported certainly and strongly in other respects than just the testimony of those detectives, because, as the witness says, this is the way he makes his living. The similarity is quite pronounced, Mr. Chairman, when the same detectives act in various cases. I should like to know whether consideration was given to this type of evidence in the Senate committee?

Mr. McCleave: First, I never thought that in the House of Commons I would be defending private detectives, but I think there is probably a simple explanation why the name is brought in, in cases which come so close together. This was probably Wiseman day in the subcommittee of the other place that heard those cases. As hon. members know, they do not appear in an unusual number of cases, although they do appear in a fair number of them. However, I believe it is the practice, since the transporting of detectives from Montreal to Ottawa must be one of the expenses borne by the parties, to bring those cases on at the same time. We do know that they have other expenses as well. They probably arrange to bring up several cases in the subcommittees of the other place involving those particular firms of detectives. I think you will find that pattern. You will get a few cases in which another firm of detectives plays a prominent role.

The hon. member has referred to what he calls discrepancies in their evidence and then he says that their evidence is very much of a pattern. In reviewing the case I did notice that there were some minor variations in the evidence of the two detectives, which I think would normally be expected in the circumstances. This happens to be a motel case. They were not in the motel for any great length of time.

Mr. Peters: When I mentioned discrepancies this is what I had in mind. First he said that it was at the Royal motel in Montreal. Then, he went on to say that they proceeded to cabin No. 12, and then a little later he said something about a hotel room.

Mr. McCleave: That may be the geographical layout of this particular motel.

Mr. Peters: In this particular case, may I ask what was the evidence that would constitute adultery? As I read the evidence, it talks about certain stages of undress, and there is the insinuation that the bed had been slept in and two pillows had been rumpled up. In your opinion, Mr. Chairman, does that constitute adultery, or is further proof necessary?

Mr. McCleave: Mr. Chairman, I do not know whether my own particular opinion would be very helpful to the committee but I can give you the methods that the courts use to determine whether adultery has been committed, and, of course, the committee of the other place has tended to adopt the practice as laid down in the standard divorce practice of the courts in provinces which have divorce jurisdiction. In the 250 cases that I have read this session and in some 150 that I read last session it was very rare that the couple were caught in the actual act of adultery. Of some 350 to 400 cases, the evidence of which I personally read, I cannot recall at the moment more than five in which the couple was caught *flagrante delicto.* The committee, I think, take the position that if all the circumstances of the case can be read one way, on the balance of probability that it is more probable that the couple committed adultery than that they did not, then that is their finding. They do not require that the evidence adduced in those cases go as far as the same burden of proof that is required in criminal cases; that is, proof beyond a reasonable doubt. It must be not overwhelming evidence; it must be strong evidence that points more to the probability they committed adultery than that they did not.

Mr. Peters: Mr. Chairman, in this particular case was there any request for further proof, or was the burden of proof satisfied?

Mr. McCleave: No. The evidence, Mr. Chairman, outside of the two detectives, was the evidence of the woman herself, which, of course, could not go to establish adultery. It simply went to establish what kind of life they were having together—I am not going to say enjoying together; this was certainly not the case in this particular action. For example, the husband stayed out week ends and over night and when asked his whereabouts he told her to mind her own business and tend to her affairs as a mother and he would look after his own business. He was very brutal. He hit her and struck her and even went so far apparently as to hit a child with a steel poker, and he tore her hair. That was some of the evidence of the disgruntled wife about conditions with her husband.

Mr. Peters: In all these cases there has been a similarity, particularly where professional investigators are employed. In no case are they ever asked for a search warrant or are they ever denied right of entry. Surprisingly enough, in every case they are allowed to enter the room without much objection. Has it not come to the attention of the members of the other place that this is not normal procedure to follow in a case of this nature, particularly where there is a chain on the door or something of that nature? Is it not surprising that no warrants are ever used or needed in cases where private detectives are employed? It appears to me that in a number of these cases there is collusion. I think it is very significant that in no case has a search warrant been used.

Mr. McCleave: I will answer the point about search warrants first. It is extremely difficult to track down adultery and you seize upon evidence if you are lucky enough to get it. In such circumstances it would be extremely difficult to obtain a search warrant if you suspected something was going on at a certain place. By the time you went through the legal procedure of obtaining a search warrant the motel would have been readied for another customer.

With respect to the second point about collusion, I am going to be frank about the matter. I know that any judge in a provincial court dealing with these matters goes through a great deal of mind searching and I am sure the same is true of hon. members of the other place. You are bothered all the time by these things. That is not true of all cases but in a fair proportion your suspicion is aroused. If you could only take one case and pin the thing down so you could say that you knew it was wrong that would be one thing but you do not get quite that far. You can say that you have looked at a case and you think there must be something wrong but the difficulty is that you are not sure.

There is another rule of thumb which is followed although probably it should not be. Those who consider these matters look into the circumstances of the case and if the wife has been badly abused by the husband and it is better that the divorce be granted for that reason they perhaps do not inquire too much further. They are satisfied to accept the motel or hotel formula and give the woman the relief she is asking for.

Clause agreed to.

Clause 2 agreed to.

The Deputy Chairman: Shall I report the bill?

Mr. Howard: On division.

Bill reported, read the third time, on division and passed.

FRANCIS ALLAN QUINN

The house in committee on Bill No. SD-160, for the relief of Francis Allan Quinn—Mr. McCleave—Mr. Rea in the chair.

On clause 1—*Marriage dissolved.*

Mr. Howard: I should like to know with respect to this bill whether the corroboration was provided by private detectives and who they were.

Mr. McCleave: The answer is no. In this case the wife had lived with another man for nine years and evidence of neighbours was brought in to support the application.

Mr. Howard: Was the same evidence—I would not call it proof—of adultery given as in the other cases dealt with so far, namely, that it was a matter of implication from the facts? I take it that in this case the lady had lived with the gentleman for some period of years and that you would normally expect adultery to have taken place under those circumstances.

Mr. McCleave: I have marked this case down as one of the simplest types. The lady leaves her husband and lives with another person. While no direct evidence of adultery is usually given in such cases, there is little reason to doubt it when they have lived together as man and wife for nine years, and the situation was so regarded in this particular case.

Mr. Howard: Are there any children in this instance?

Mr. McCleave: No issue of this marriage.

Mr. Fisher: There are a couple of specific questions I wish to ask.

An hon. Member: Twelve minutes to go.

Mr. Chown: An insincere filibuster.

Mr. Bigg: Friends of the people.

Mr. Howard: I would ask the hon. member to withdraw his remark relating to insincerity.

The Deputy Chairman: I do not think that is a parliamentary term and I will have to ask the hon. member to withdraw that remark.

Mr. Chown: I am very glad to do so. I was referring not to an individual but to the group.

Mr. Bigg: Would you like me to withdraw my remark? I said you were friends of the people.

Mr. Fisher: I think the gentleman in question has quite merited in the house the nickname I understand he has in his own particular area. In connection with this bill I should like to ask the chairman of the standing committee if the suggestion was made in the other place that there has been a change in the arrangements in Quebec whereby the wife is now permitted to obtain what I believe amounts to a separation certificate when adultery is a factor in the same way that a husband can. Would this open the way for people from the two provinces involved to present such certificates and thus enable divorces to be granted through parliament without the necessity of evidence being presented to the other place or this house?

The Deputy Chairman: Order. I will have to ask the hon. member to come back to this particular bill.

Mr. Fisher: I am coming to it now. In connection with this bill or any other bills in this group was such a certificate presented or has such a certificate been presented in the past?

Mr. McCleave: I believe that has happened in a few cases although not in this one. Actually I believe it is the separation agreement itself which is presented but unless parliament or the subcommittees of the other place decide to change their *modus operandi* such certificate could not properly be received in evidence as proof of adultery.

Mr. Fisher: I gather from examining the records of the other place in connection with divorce bills that it has not been the custom of members of the other place who are practicing Roman Catholics to take any part in the activities of these committees. In connection with this bill and the other bills has the chairman of the standing committee noticed this same situation or have members of the committee taken part in its activities regardless of their religion?

Mr. McCleave: I have made it a point never to inquire into a person's religion, so I cannot answer that.

Clause agreed to.

Clause 2 agreed to.

Bill reported, read the third time on division and passed.

JAMES ROSS MACLAREN PAUL

The house in committee on Bill No. SD-161, for the relief of James Ross MacLaren Paul—Mr. McCleave—Mr. Rea in the chair.

On clause 1—*Marriage dissolved.*

Mr. Peters: I believe that the chairman of the committee who has had these divorce bills in charge has demonstrated his knowledge of these bills, so I think we are quite prepared to allow the remainder of the bills to be reported, with the exception of the Klasman case, which we would ask to stand.

Mr. McCleave: Since that case is a contentious one, I admit, I have no objection if it stands.

The Deputy Chairman: Is it the unanimous consent of the committee that the balance of the bills be considered together, with the exception of Bill No. SD-129, which shall be allowed to stand?

Mr. Drysdale: Mr. Chairman, before the bill carries I wonder if the hon. member for Timiskaming would permit a question?

The Deputy Chairman: Does the question relate to the bills?

Mr. Drysdale: Yes, Mr. Chairman.

The Deputy Chairman: The hon. member for Timiskaming says no.

Mr. Drysdale: I am very surprised. I thought they were always ready to answer any question.

Mr. Broome: I think the house owes a debt to the C.C.F. party for having gone rather thoroughly—

The Deputy Chairman: Order. I shall ask the hon. member to please resume his seat. We are on clause 1 of the divorce bill.

Mr. Broome: I have a few questions to ask on this group of bills. I should like the chairman to tell me whether in any of the group there are any children involved, and in which cases there are children involved. I shall have further questions to ask.

The Deputy Chairman: The committee agreed to take these bills all together. I think it would be impossible for any person to give an answer on all these bills.

Mr. Broome: On a point of order—

The Deputy Chairman: If the committee did not wish to take them together, they did not have to agree to it.

Mr. Broome: The committee agreed to take them all together, but that does not prohibit a member from asking questions with regard to the bills, simply because they are considered en bloc.

The Deputy Chairman: The hon. member should say as to what bill he is asking the question.

Mr. Broome: I have. I am asking if there are any children involved in any of these bills in this bloc before the committee.

Mr. McCleave: The answer to that is yes.

Mr. Broome: In which cases?

Mr. McCleave: Next year, Mr. Chairman, if I am invested with this responsibility, when I appear before this committee I am going to bring a chart which will be subdivided into these 14 or 15 points on which members seem to be interested. If the committee wanted, I could go through them all and point out those cases in which children are involved, and I would find that out by looking at the evidence which, of course, anyone else is at liberty to do.

Mr. Drysdale: The hon. member for Timiskaming refused to answer a question, so I should like to ask it of the chairman of the divorce committee. Reference was made to the fact that photographic evidence was permitted in certain provinces. I wonder if the chairman could advise me as to what provinces photographic evidence is permitted, and what is the nature of the photographic evidence?

Mr. McCleave: I think the short answer to that is that the hon. member who raised the question should consult one of the standard authorities on divorce, such as Mr. Kent Power. I am not a divorce expert. I do not know the evidentiary laws of the provinces in Canada. When I practised at the bar of Nova Scotia, it was sometimes difficult to find out the particular evidentiary laws of that province.

Mr. Drysdale: Does the chairman know whether or not photographic evidence is permissible, because the hon. member for Timiskaming referred to the fact that there were several provinces which permitted photographic evidence in divorce cases. I was wondering if the chairman was apprised of any province that permitted this particular type of evidence?

Mr. McCleave: I must raise a point of order on this question concerning the practice in provincial divorce courts. I do not think that is something I should answer.

Mr. Drysdale: I think it has a great deal of importance because the hon. member for Timiskaming put on the public record the statement that certain provinces allow this type of evidence.

The Deputy Chairman: I should like to remind the hon. member that the divorce cases which come before this committee come from only two provinces, and have nothing to do with the other provinces in Canada.

Mr. Drysdale: In that case, I think there should be some clarification as to whether or not these two provinces permit this type of evidence. An implication has been left by the hon. member that insufficient evidence is being adduced to justify these divorces. If, of course, photographs are not permitted, and I do not think they are, then I think there is an unjustified implication that the members of the divorce committee are being too lax in allowing these particular divorce bills through. I think that point should be clarified on the record, since hon. members to your left seem to be quite anxious to get these matters on the record.

Mr. McCleave: Perhaps I could answer that. I thought that the hon. members had asked me a particular question with reference to a couple of cases to find out if there had been any photographic evidence in those cases. There has been none produced in these cases of which I am aware, except pictures of the erring wife or husband. I cannot recall any particular case in which there was an attempt to produce other photographic evidence which was discussed by the committee of the other place.

Mr. Creaghan: I wonder if the chairman of the committee would indicate to me how many of these bills originate in the province of Newfoundland?

Mr. McCleave: I think the answer is about four or five. There were two at the last session, and I think there are four of five at this session.

An hon. Member: Six o'clock.

Progress reported.

SUPPLY

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

Civil service commission—

77. Salaries and contingencies of the commission, $3,434,161.

The Deputy Chairman: It being six o'clock, I do now leave the chair.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Aiken: Mr. Chairman, I would just like to say a few words in connection with the civil service and its relationship to members of parliament.

During recent weeks there have been a number of misunderstandings between the civil service and members of parliament, which I feel is a great shame because we are dependent on each other to a very great extent, perhaps more than most people realize. I think perhaps the people in the government service do not realize the influence they have on the life of a member of parliament. So far as the public is concerned, every action taken by a member of the government service, every letter written and every decision made, is laid right on the doorstep of the member. A curt letter written on a hot summer day, poor judgment exercised by an official or an inspector, long delays in answering inquiries, an impatient or perhaps supercilious manner of treatment of a member of the public who has a complaint, all fall back on the member concerned who has to take the brunt of any of these indiscretions and the difficulties which may arise as a result thereof.

Members of the government service may not at times realize the importance of their actions to the members concerned. To the public the government is one being; it does not matter whether a cabinet minister, deputy minister, inspector, secretary in the office or a member of parliament is concerned; everything done on behalf of the government is done by one body. That is why I feel that an efficient government service is so very necessary to members of this house.

I would like to carry this thought one step further. Every minister of the crown is responsible for every person in his department; he must be able to rely upon everything done by such people and he must, I believe, feel that those in his department are loyal to him and to the people who have elected him.

I would like to say a word about the criticisms that civil servants have been loafing on the job. Examples of such people can no doubt be found in any large organization including the government service—that is inevitable. But in all fairness, I wonder how many of these people who have nothing to do are in this position because they have not been given anything to do. This may be because their immediate superior is away and perhaps much of this mushrooming in the government service over the war years has probably resulted from similar conditions. Until such time as the service gets back to normal I have no doubt that there will be many people who have nothing to do but who are nevertheless willing to work.

With respect to the effort made in past years to prevent government servants from becoming politically influenced, this has created an artificial barrier between members of parliament and the government service and I think it has gone too far. It has created too many difficulties and something should be done to remedy this situation. I think it is fair to say that at the moment a good many government employees—and this probably applies in the civil service commission—feel that members of parliament are meddlers who are trying to find positions in the government service for people whom they wish to help for political reasons. In many cases the member of parliament is actually the only person who knows those involved, but this problem has reached the stage where many members of the government service are afraid to be seen talking to a member of parliament unless he happens to be on official government business.

I feel that this whole situation is not political, it is not a question of a member of parliament belonging to one party or another, but it is rather a case of an organizational difficulty brought about by a desire to prevent undue political influence. This method of handling the situation has actually created an even greater difficulty. I think in cases where government employees have occasion to deal with individual members they find us to be fair and reasonable people and on the other hand members have found individual public servants to be sincere and anxious to do a good job. As groups, however, we do find a barrier between us, whereas we should be working together for the good of Canada.

It is, of course, true that the civil service is in a difficult position. Generally speaking, people employed in the government service are professional men and women. They are employees of the crown and they must be loyal to the department by which they are employed and they often find it very difficult to go outside of that department for assistance with respect to their difficulties. It is for this reason that I think it is important that civil

service organizations and associations should present their difficulties and problems to the government in the very strongest way.

In closing, I would like to read a quotation from the national defence employees' association news letter of July, 1958, which contains the following statement on this problem:

> However, federation president F. W. Whitehouse indicated the willingness of federation representatives at all times to meet with members of parliament or a select committee to assist in maintaining the efficiency of the public service.

I think this is the spirit in which we should attempt to iron out the difficulties which have arisen. There is no doubt that there is justification for the things which have been said, but at the same time there are reasons for those things having been said. I would urge the government to give consideration to the problems and suggestions I have outlined.

Mr. Lambert: I have a few remarks to make on the qualifications required by the civil service. In this connection I have received a number of representations before and since I have been a member of parliament concerning the difficulties experienced by a number of men in this country with respect to qualifying for the civil service because of what is felt to be a rather narrow restriction under the veterans statutory preference.

Now there is no denial that the men in the armed services who have come back from war should have every opportunity to rehabilitate themselves, and undoubtedly the principle of rehabilitation must be given very serious consideration when we are selecting candidates for the public service of this country. However, one realizes that during this past war there were hundreds and thousands of men who because of no fault of their own since they were instructors or because they were retained for one reason or another did not go beyond the confines of this country. If I am correct in my interpretation of the statutory preference they are in a second category and cannot qualify.

I feel that perhaps the commission in reviewing the civil service framework might now consider enlarging the scope of the statutory preference to include these men, who have a lot of skills which they could offer to the public service of this country. After all, we do not find this restriction imposed by most—I cannot say by all because I may not have all the information—of the provincial and municipal governments. The effort of the men who served in this country was in many instances just as efficacious in prosecuting a victorious campaign during the last war as that of the men who proceeded overseas and I feel they should have an opportunity to serve the public of Canada in the federal civil service. Why there should be any differentiation between the federal civil service and any provincial civil service I have yet to discover. I offer this as a suggestion. There may be arguments which would indicate that the present policy is the correct one, but I offer this for serious consideration.

In addition, for the past number of years there has been a large number of immigrants to this country, people who have come from the British Isles and other allied countries and who, in many cases, have served along with our service men. Many are professional people of various kinds; they have many skills, and I believe they would be eminently qualified in many cases to serve in the public service of this country but, again, they are excluded, although they are accepted in the civil services of the provinces and of the large municipal governments. I would again suggest that these men who come to this country should have the opportunity to qualify for the federal civil service, and I commend this proposal especially to the commission when considering its recruiting policy.

Mr. Pearson: I should like to say a few words on this question of the civil service before the vote is carried. I begin by referring to some of the remarks which have just been made by the hon. member for Edmonton West in his suggestion to the minister and to the civil service commission that perhaps the question of veterans preference should be carefully examined in the light of the conditions that have developed since the end of the war.

I recognize, as I am sure do all hon. members, that he has raised a problem which is of some importance. This question of veterans preference with regard to the civil service is, of course, a diminishing one because so many of the positions have age limits attached to them and veterans are getting older. But I certainly hope that in any consideration given to this problem the legitimate interest of veterans and especially of disabled veterans, who certainly deserve every kind of preference they can get, will not be interfered with. Of course, I do not suggest for a moment that the hon. member had such a thing in mind when he spoke.

The hon. member for Parry Sound-Muskoka had some interesting things to say about the civil service generally. If I venture to follow him and speak on this matter it is not only because of my position in the house but because I had the honour of working in the civil service for 20 years, from 1928 to 1948, in which year I left the civil service, not for the reason indicated by the Prime Minister the other night but for the very opposite reason.

Speaking, then, as a former civil servant I think I can say that the civil service of Canada has gained a reputation second to none among the civil services of any free country in the world for integrity, efficiency and loyalty. The hon. member for Parry Sound-Muskoka said that if there is loafing —I think that was the word he used—in the civil service it was due to the fact that insufficient work was being passed on to those particular civil servants affected by this disease. It certainly does not affect any of us in the House of Commons this year. In my own experience of 20 years in the government department over which I later had the honour to preside, we did not suffer at all from the disease of loafing, indeed if there was anything which was wrong with that department it was that the officials were more often overworked than they were underworked.

The hon. member also mentioned the fact that a barrier sometimes develops between members of the public service and members of parliament. That may well be true, and it is not surprising, I think, that there should be a feeling of that kind in the minds of some members of parliament because officials, if they are loyal to their obligations, have to be careful in their relationship toward members of the political service. My own experience in the department over which I once presided—and I think it is an experience which has been shared by other ministers—was that members of the public service must be very careful to help members of parliament in any way they can, irrespective of the party to which those members belong, in respect to the giving of factual information, but there is always a difficulty developing when a member of the public service is asked to express opinions, even privately, or to give information which may go a little beyond the factual. Perhaps I am not the person who should emphasize that possible danger because it should not be one which could cause any harm to any member of parliament on the opposition side. But there is that possibility and because of that I think there always will be a species of official barrier between the civil servant and—if I may call him that—the political servant.

Mr. Chairman, in 1950 I had the honour of speaking to the professional institute of the civil service of Canada and if I may I should like to place on *Hansard* some of the words I used at that time because they describe exactly the way I feel now. In addressing them I said:

> In selecting persons for employment in the service of the Canadian government we have sought—

And I am sure the same situation prevails now—

> —to secure not only the highest standards of efficiency and competence but also the highest standards of integrity. Because we have, with surprisingly few exceptions, found for our service people who possess this quality of integrity, we are confident that they are capable of withstanding the temptations to which people in positions of official trust are peculiarly subject.

I proceeded to say:

> But however efficient the civil servant may be, however industrious, however underpaid,—

In relation perhaps to the salary he could command if he were not in the civil service—

> —I do not suppose you will ever be able to erase completely from the limited minds of some people the distorted picture of the "bureaucrat" as an indolent person, conceived in influence and born in politics, who fattens at the public trough; and works a couple of hours a day winding and unwinding red tape.

I concluded with these words:

> I have, of course, had some experience with the strangling effect of a literal and cautious observance of all the fussy niceties and formalities of official procedures. But I have also learned that, at times, there is one thing far more delaying and destructive than red tape; that is misguided and premature efforts to cut across wise and well established administrative rules. You can, I suppose, get more toothpaste more quickly by squeezing the top of the tube. The result is messy and wasteful.

I said then, and I feel the same now:

> I do not, therefore take seriously the recurring joke about the complexities and delays of public administration, and I know that we have every reason in Canada to be proud of our public service.

One reason for which we can show pride in our public service is the loyalty of its members to the government of the day which is the very basis of the existence of a non-partisan civil service, its obligation of loyalty to the government of the day whatever government may be in power. That means not being loyal to one political party or to a group of persons who may come and go but to the state itself as represented by the government of the day. I am quite sure that Canadian civil servants will recognize that obligation in the future as they have in the past.

The civil service has obligations under the Civil Service Act but it also has rights under that legislation. One of the rights it possesses under that act is the right of independence from political pressure. One of the obligations it has under the act is to give loyal and devoted service to the government in power. It also has the right under the act, I believe, to hope for promotion in accordance with merit.

One of my hon. friends to my right raised some questions this afternoon about the promotion policy inside the civil service. I recognize that that is a very important matter in connection with morale which in turn

is important in terms of efficiency. The hon. gentleman was basing his remarks in part on the observations of Professor John Deutsch who himself was a distinguished civil servant for many years. He thought perhaps promotions were not quick enough for those who were young and gifted and that this might in a sense militate against the hope that all civil servants have for a successful career. In pursuing that argument the hon. member made some remarks about the advantages Rhodes scholars seem to have in the civil service. I shall say nothing about that for I am quite sure that the Rhodes scholars will be defended efficiently and vigorously in this house by the two hon. members of the cabinet who, if I am not wrong, were once Rhodes scholars themselves. However, I do agree that unless there can be established and preserved the feeling and hope in the civil service that promotion is open to all based on merit and one that will not be held back by any consideration except that of efficiency, it will be bad for morale inside the service. I can only close this portion of my remarks on this subject by expressing the general hope that the civil service will operate in the future as in the past and I can say nothing better about it than that.

Before taking my seat I should like to ask the minister a question. I understand that a rather comprehensive reorganization of the civil service commission is being undertaken at the present time by the chief of the civil service commission who, if I may say so, I am very glad to see on the floor of the house tonight in his third capacity in recent years. I should like to ask the minister if he could give the house some information as to how that reorganization which will be an extremely important one indeed is proceeding and in particular I wish to know whether in that examination consideration is being given to the possibility of separating the foreign service in some respects from the civil service and bringing it under a foreign service act.

When I say that consideration might be given to this I am not thinking, of course, of taking the foreign service out of the civil service in the sense that it should not be maintained as a professional service outside politics. I do not want anything like that to happen to it. Whatever may be its control I think it must remain as non-partisan as is the civil service. However, I happen to know from experience that conditions which govern the operations of the foreign service, especially of those members of it who have to work abroad, are so very different from the conditions which govern work and service in Canada that very often the regulations which are right for a civil servant working at home are not applicable in any reasonable way to a civil servant working abroad. Therefore this matter which I know has been brought up once or twice in the past is an important one. The question is whether or not we should have a foreign service act governing the operations of the foreign service based on the same principles as the Civil Service Act. Perhaps the minister might have something to say about that when he replies. Meanwhile I shall simply repeat what I said a moment ago that I am very privileged to be on my feet this evening paying my humble tribute to the work of the Canadian civil servant.

Mr. Jones: Mr. Chairman, I rise to discuss a question which has been a problem in the Department of the Secretary of State for a number of years but before embarking on that I should, in view of the rather curious remarks that have been made by the Leader of the Opposition to the effect that the government of this country represents the state, point out that I have always believed the constitutional position to be that the crown represented the state.

In regard to the hon. member for Edmonton West I may state that I know from my personal experience he has maintained a continuing interest in the welfare of veterans. I can assure you, Mr. Chairman, that his remarks this evening were fully in keeping with this traditional keen interest in the welfare of the veterans of this country.

The point I wish to raise is one that has been drawn to my attention by labour union officials in my constituency concerning a situation which causes them grave concern particularly in the winter months. They have advised me that some of the civil service personnel and armed forces personnel in Saskatoon have been taking employment in their spare time as painters, carpenters and work in other fields with the result that the regular employees in these trades have lost job opportunities. The union officials have also pointed out, Mr. Chairman, that this practice tends to depress wage rates in the trades affected; they say it has enabled some unscrupulous employers to undercut regular rates of wages and contracts.

These moon-lighters can and do work at less than regular rates of pay. They can do this because they already have jobs for which they are paid out of the public treasury. In some instances, no employer is involved because in some cases the contract is taken up directly by the civil service personnel or the armed forces personnel with the householders to do painting, carpentry work, and so on. I suggest, Mr. Chairman, that this matter should be looked into in order that ways and means may be found to prevent

regular workers being placed at this disadvantage. In this connection I hope that the experience that the department has had in other years with this problem will not prevent them from taking a new and realistic look at this particular problem that is being raised here.

I certainly agree, Mr. Chairman, that there is a problem of conflict in that it is thought that the government of Canada should not interfere with the private lives of individuals it employs and it is a difficult problem to reconcile those opposing points of view. It is my hope that the Secretary of State will inquire into this matter to see what can be done and also to bring it to the attention of the Minister of National Defence in order that some sort of satisfactory solution can be worked out so that regular employees in those trades will not suffer the disadvantage I have mentioned.

(Translation):

Mr. Denis: Mr. Chairman, this afternoon I heard the Secretary of State (Mr. Courtemanche) say that he was not responsible for the civil service commission but that he was the spokesman of the house to the civil service commission. I take note of his statement and, if it is true that he is the spokesman of the house to the civil service commission, I am sure that he will ask the officials of this body to kindly take under careful consideration the suggestions made by hon. members.

For years, the Conservative party, as well as the Liberal party, have had nothing but commendation for the civil service commission, its higher as well as its minor officials. I believe that everyone recognizes that the civil service commission is well administered and that civil servants behave as they should. As it is, by some strange coincidence, no sooner did the Conservative government come into power that certain decisions of the civil service commission were no longer quite in accord with past decisions. In fact, some time ago, I put a question to the Secretary of State concerning applications for employment. The Secretary of State knows about it since I have discussed the matter with him on several occasions. I feel keenly about this problem and I am anxious to see it solved for I feel that this new decision will prevent hundreds, if not thousands of people who would like to work for the civil service commission to put in an application and to take the required examinations, thereby losing a chance to get a job with the civil service commission.

That situation is all the more important as it affects more particularly the electors of the Secretary of State since, according to the reasons he has given for the implementation of that new policy, people living in far away and isolated localities could suffer the most from that change of policy on the part of the civil service commission.

This has to do, as everyone knows, with the applications made for a competition which may be held in 5, 6 or 8 months. The Secretary of State has told us that such applications are returned to candidates who are informed that they are no longer accepted unless a competition is open and that they may learn about the date of the next examination by reading the newspapers or looking up the advertisements posted in public buildings.

Thus, if six or twelve months go by before an examination is held, that means the poor candidate has to buy the newspaper—*La Presse*, or whatever other newspapers interest him particularly—just to make sure that he does not miss the advertisement when it appears. The hon. Secretary of State surely knows that the civil service examinations are not advertised in the weeklies of Labelle constituency—unless the Secretary of State's influence has penetrated that far. It is only rarely that such advertisements appear in the *Echo de la Lièvre* or the other weeklies so well known to the Secretary of State.

The hon. Secretary of State replied that they stopped publication because there were too many applications, 40 per day; yet, on the other hand, he claims that he wants to improve the standard of the commission's work, and thus to make the personnel more productive. Well, I can hardly think of a more important service to the public than giving them this information, and making it easier for them to compete in all these examinations.

The hon. Secretary of State extricated himself in a vague way by saying that the applications are often of a general nature. But it is not these that are involved—rather it is a question of applications of a specific nature, such as when a candidate applies for work as a postman in the Post Office Department. What is the cost to the civil service commission in terms of work, or services, or literature, or correspondence to file the application and reply to the applicant: "Dear Sir, I have received your application, and you will be notified when the examination is to be held". The civil service commission is well aware that there are slips, all made up in advance which

are sent to the applicant, and when the examination is held, the candidate receives a notice and has only to report for examination at the place and time mentioned in the notice.

I am wondering therefore why this public service has been eliminated. If it is true that 40 people apply for jobs every day and that those applications are returned, it means that by the end of the year a total of 14,600 will have unsuccessfully applied for a position with the civil service commission, and I say this is an insult and an injustice to these people. What will happen is that when competitions are held, there will not be enough candidates, and it will indeed be difficult to fill all the vacancies because you must not forget that, for the Post Office Department alone, when a competition was held, out of 400 people approximately applying during the year, only about 200 of them succeeded. These people were put on an eligible list; the ones on top of the list were hired first and then the others in order, until the list was exhausted. What is easier, fairer and more logical for the applicants? You take it from me that the next time the Post Office Department holds an examination, there will not be 40 applicants. Indeed, nobody will be aware that a position of clerk is open at the Post Office, and you will have to hold examinations monthly to obtain an adequately sized staff to give the efficient service the public is asking for, the kind of service it is entitled to get from the Civil Service Commission and the Post Office Department.

We are told this is done in order to save the salaries of one or two grade I clerks at $2,000 each or a total of $4,000. But these two employees still cannot be dispensed with, as they will now be busy answering applicants whose requests cannot be accepted. Therefore this will not reduce the expenditures of this department. As a matter of fact these $4,000 will help in all fairness the 14,000 persons who apply for work at the civil service commission; besides, a period of unemployment is hardly the time to reduce the staff.

Has the hon. Secretary of State, like his colleague the hon. Postmaster General, the intention to replace labour by electronic machines? The Secretary of State should not expect two mail deliveries a day, as promised by the Postmaster General when he was in the opposition. You will have only one delivery a day, as in the past, because the election is also a thing of the past. Moreover, as the riding of Labelle is somewhat far away, the announcement of a competition will arrive one or two days late, because there will be no second mail delivery, whatever the hon. Secretary of State may say.

As to the notices posted in public buildings you hardly imagine, Mr. Chairman, that a would-be applicant living in Ste. Anne du Lac would walk 32 miles every two or three days to the Labelle post-office, in order to see whether there will be a competition, so that he may file his application. With all due respect, I submit that such conditions are nonsensical; this is cheese-paring economy. I will even go further and say that it is not an economy, since you will keep the same personnel. In fact, the number of employees has increased. This is no time to cut down staff, especially to deprive the public of one of the most useful services.

I suggest that any Canadian has a right to seek employment in the civil service, and if an applicant must rely solely on ads published in the newspapers or notices posted in public buildings, it makes no sense. That decision taken by the civil service commission is bad; it is mere cheese-paring economy

What will be the result of such a policy? The hon. Secretary of State will get hundreds of letters from people who want a job in the civil service, and he himself will have to establish files for all those people who wish to become civil servants.

Mr. Ricard: There won't be any lack of candidates, in such a case.

Mr. Denis: Mr. Chairman, I am convinced that the spokesman for the civil service commission has heard the hon. member for St. Denis speak clearly enough for the commission to know that nobody likes such changes and that a year from now, or with the least possible delay, the commissioners will correct this unfair practice with regard to some fifteen thousand Canadian citizens who want to apply for work at the civil service commission.

(Text):

Mr. Chambers: Mr. Chairman, I want to say a few brief words on the subject of age. In this country today, as in most other western countries, we are facing a real social problem in the employment of what might be called middle aged citizens. It is ironic that in an effort to provide greater security at the end of life pensions plans brought into

industry have made it very difficult for persons over 40 to secure employment. I just want to express the hope that when the commission investigates plans for reorganization of employment they will take into account the very serious question of making employment available to more older persons who may have come on the labour market through no reason of inefficiency and the possibility of their applying for employment in the civil service. One applicant came to me who had been turned down on account of age. The employer, he said, wanted someone with a master's degree, 20 years of experience and not over 23 years of age. That is an exaggeration, of course, but the problem does exist. I hope that the commission will take it into account in their planning.

Mr. Fisher: Before the minister answers the hon. member for St. Denis I should like to raise a question having to do with the reply that the minister made to the hon. member on July 2, as found at page 1832 of *Hansard*. I was particularly interested in the English translation of the last remark made that day by the minister when dealing with the question of the hon. member. The Secretary of State is credited with saying:

> It is a commission which was instituted by the former government, and I have to suffer the consequences.

I discovered this a short time ago and it does not seem to jibe with the statement made by the minister this afternoon which I looked at in the *Hansard* office. I wonder whether he would explain the change which seems to have taken place from the statement of July 2 to the one he made this afternoon.

Mr. Courtemanche: No, I did not change my mind. I should like to say that if the hon. member for St. Denis has some difficulty I have the same difficulty, but I am not responsible for the difficulty he has. The civil service commission is carrying out its own job and if we have some difficulty I am not responsible and neither is the hon. member for St. Denis. That is the explanation I gave on that date.

(Translation):

Mr. Denis: May I ask the Secretary of State who is responsible for that situation? He tells us that he is the spokesman for the civil service commission. If he is the spokesman for the civil service commission, and if there is nothing he can do, he should not take it upon himself to present and explain the estimates of the civil service commission. Moreover, he says that the civil service commission was instituted by the former government. I believe the Secretary of State makes a slight mistake. The civil service commission was created more than 22 years ago. If the Secretary of State remembers well, the civil service commission exercised its authority throughout the country when the Conservative government was in power. The answer of the Secretary of State, besides being inaccurate, is far from being gratifying. After all, he says that as it is the work of the former government, we must suffer the consequences. If, for instance, the number of unemployed people has doubled, are we to suffer the consequences? You made the whole election campaign by promising that you would improve the situation. Well, improve it.

Mr. Courtemanche: The hon. member for St. Denis says 22 years. I shall go further and I tell him that the civil service commission was set up in 1918.

Mr. Denis: Yes, for Ottawa but not for the nine provinces.

Mr. Courtemanche: I have never suggested anything else. It was formed in 1918 and the two governments have always respected the authority of the civil service commission. It was purposely made free from political interference and if the day should come when this situation no longer obtains, this to my mind, would be most unfortunate.

Mr. Deschatelets: Could the Secretary of State obtain from the two officials sitting in front of him the exact date when the commission changed its policy with regard to those examinations? I would also like to know if, before adopting this new attitude, the civil service commission had communicated with the then secretary of state?

Mr. Courtemanche: I am informed that the commission changed its method of receiving applications about three months ago. Now, if that new procedure proves inefficient, the commissioners will come back to the former method. I am told that the civil service commission receives more than 13,000 applications per month. As a general rule, such applications are classified so as to be kept for later reference. If a competition is open, it is easy for the commission to notify the applicants.

Mr. Denis: So as to clarify that matter, may I add this: I am not talking about a

person sending a general application but about a person applying for a particular position in a given department, a position for which that person would be called upon to compete if there was an examination. The Secretary of State has been a private member of parliament and he knows that the Post Office Department hires about a hundred persons in a year. If a competition is advertised for three or four days only in the newspapers, not enough candidates will apply. What will happen is that, instead of having four hundred candidates, you will have about 40 and out of these perhaps as many as 20 or 25 will fail. This means that for the Postmaster General there would be only fifteen qualified applicants and that, in a month's time, new notices would have to be sent out and new examinations held. This is very dangerous in a different way. In fact, when an examination is about to be announced by the commission, civil servants themselves and their relatives are the first to know about it. If this new policy is kept up, in twenty years' time the civil service will be solely a huge family affair, made up of so and so's cousins and his sisters and his aunts, for those would be the only ones to know that a job is open and an examination is to be held.

In my opinion, it would be in the general interest that this decision be reconsidered. The Secretary of State said that he is only spokesman for the commission; consequently, he can admit with me that this decision is a mistake. It is human to make a mistake. It could be that all this was only an experiment. In that case, I think the experiment has already lasted long enough.

I have here seven applications that were returned. I am sure that when a further competition is held those applicants will not be notified or, if the competition is advertised, they will forget to read the papers. You cannot ask these people to scan the newspaper for months on end, so as not to miss their chance to compete for some job. This applies to all hon. members. Everyone of us receives applications that we have to put on file. If we have to do the work of the civil service commission so as to save work for two clerks who, in any case, have to answer the would-be competitors that their applications are declined, it is hardly worth the trouble. In fact, the commission is not saving a cent. Not only does it fail to serve the public, but it is doing an injustice to thousands of people.

Mr. Deschatelets: A few moments ago, the Secretary of State did not answer the second part of my question. Did the civil service commission communicate with the Secretary of State before introducing the new procedure?

Mr. Courtemanche: The answer is no. I can however tell my hon. friend from St. Denis, after consulting my officials, that they are willing to reconsider the case he mentions and that they will see to the matter.

Mr. Gour: I congratulate my good friend the hon. member for St. Denis on having raised this matter. In the constituency I have the honour to represent, there are about 12,000 civil servants. In my opinion, this decision of the commission is contrary to its usual good administration. Prior to that, the civil service commission was beyond reproach. I think the increase in the number of applications is mainly due to the great number of unemployed now in Canada. I congratulate the Secretary of State on having consulted his officials and I believe their decision to reconsider this question goes to prove that they are intelligent and willing to try again after having realized they made a mistake.

I admire the Secretary of State who had the courage a moment ago to reaffirm that he will brook no political interference in the civil service. At present, as far as I am concerned and as far as I know—and I believe that I know much about it—we do not, in my opinion, give enough political freedom to civil servants. I am not in favour of having 150,000 employees in the civil service, either in the Department of Public Works or elsewhere, who are all intelligent men or women, and who cannot tell whether they are Conservatives, C.C.F'ers, Liberals or anything else. We live in a democratic country and if we want true democracy, it is not reasonable to prevent our civil servants from freely expressing their political opinions.

Allow me, Mr. Chairman, to give you an example. I have waged five electoral campaigns. Each time, at least 400 or 500 civil servants, from the Department of Public Works or from crown corporations, have spoken against me, against the party and even did organization work for my opponent. I have never denounced any one of them. There was even a civil servant who ran against me on behalf of another political party. He was a very likeable young man and the only thing I told him during the campaign was that, after the election, if he needed my assistance to get his job back, I would be glad to help him.

He came again to me and I made him the same offer.

The sister of one of the candidates, a woman who held a job as clerk grade III at the experimental farm—and a very competent one—campaigned against me for two months. She was holding down her job in the civil service and, in her spare time, she travelled around campaigning on behalf of her brother. After the election, several of my supporters came to me and requested that I report those people so they would lose their jobs. What did I say? I asked them if they themselves would like to lose their farm, their store or their job. They replied that they wouldn't like it. Well, I was surely not going to make them lose their job.

Civil service employees are entitled to their opinions. Naturally, I would not wish a civil servant to cry out on the roofs that he worked for such and such a department and that certain things go on in that department which he could unmask; his audience might believe these statements, even though he might be lying. I admit that civil servants have no right to go that far in politics; but, outside that, I have never caused anybody to lose his job. I have always said that if those were their ideas, they were free to come out in favour of one party or another.

What happened? All those people which my hon. friends wanted me to get discharged voted for me at the next election. I could tell new members that if they think they can make a civil servant lose his job because he did not work for them during the election campaign, they would be doing an injustice to that man. And if they make him lose his job they will lose a hundred votes or more at the next election.

I would therefore advise the ministers not to pay too much attention to the new members. As far as the new members are concerned, may I tell them not to pay too much attention to their organizers who could very easily make them commit very serious mistakes in this regard. Even though I have succeeded in business, I have been active in politics for several years and I will admit that there are some intelligent people among the Conservatives.

Mr. Ricard: They are all intelligent.

Mr. Gour: If you are among those who are intelligent, that means you are a Liberal.

Mr. Ricard: If they are not bright, we do not keep them.

Mr. Gour: I will not go on any longer, convinced as I am that you will reach an understanding with the civil service commission so that it may continue, as it has in the past, to announce competitions in the newspapers and to accept applications for employment.

Mr. Chairman, may I say to the Secretary of State that, in his constituency, just as in my own, farmers no longer get their mail at the post office. People in villages no longer go to the post office. They hand the postal box key to one of their children or to someone else who goes and fetches the mail. As people in towns no longer go to the post office, they are not in a position to see the advertisements except in the newspapers. Or they will go to the post office for a couple of months and then they will forget about it and the time limit for the competition will pass, which will cost money and will not give satisfaction.

Now then, I am sure the civil service commission which is made up of as honest and intelligent people as we can wish will see to it that justice is given to everybody.

We live in a democracy and civil servants have the right to believe that they would be better off under the Conservatives than under the Liberals or under the C.C.F. than under the Conservatives or the other way around. And it would be a great injustice to try to prevent one or all civil servants who are just as intelligent as the members of the House of Commons, from expressing their opinion. They should have freedom of thought except in cases of extravagance or in cases where these employees would not do their job in a satisfactory way. In such a case their immediate superiors are capable of dealing with the matter.

I am sure the Secretary of State will take these few remarks in good spirit and that he will be careful not to rely too much on the recommendations of new members, also that those new members will not be too enthusiastic in having those who may have worked against them in the elections dismissed. If too many civil servants are dismissed, Conservatives will all be swept off at the next election.

Mr. Chevrier: Mr. Chairman, in connection with the remarks just made by the hon. member for Russell (Mr. Gour) and also with regard to the question I asked the Secretary of State before six o'clock, I must say that

I am not at all satisfied with the answer he gave me. I am not satisfied because his answer was based on an individual case, the one which was discussed in this house. I was not referring to that case at the time, but to political interference in general, and particularly to a resolution passed in this house at one time. I am simply asking the Secretary of State if he thinks that this resolution and this practice, tradition, or custom is not rather obsolete nowadays. That was all I asked him to do. I will also appreciate his opinion as to how we should deal now with people guilty of political interference.

Mr. Courtemanche: To reply to the question of the hon. member for Laurier (Mr. Chevrier), I must confess that this is more a matter of internal policy of the government, and that it would be very much out of order for me, as a minister representing a department, to outline a policy which should be entirely a governmental one. It is for this reason that I shall venture no further in telling him what my policy would be. I steadfastly maintain that it is a matter of internal policy of the government, a policy which must be outlined only by the leader of the house or by the Prime Minister.

Mr. Chevrier: Well, Mr. Chairman, I know that the Secretary of State will understand my begging to differ. Far from being a matter of internal policy, it is a matter which was approved by both parties and which was put into effect, to a large extent by the person who was responsible for the civil service commission—namely, the Secretary of State.

Mr. Chairman, I feel that in this case, since it is almost 50 years ago that this outdated policy was established, the hon. Secretary of State should give serious consideration to the advisability of changing the policy in this respect. I think that the day has passed when you could dismiss a federal civil servant merely because a member of the house certifies that he has been guilty of interference in politics or of some political activity. I therefore ask him whether it might not be in order to consider the matter very seriously with a view to incorporating the requisite changes in that policy which has been followed for at least fifty years.

Mr. Courtemanche: Mr. Chairman, I could not agree more with the hon. member for Laurier (Mr. Chevrier). I quite understand that we must change with the times. I do not contend that the present policy is the best, but I can tell the hon. member that I have no objection to taking the required steps nor to discussing with my colleagues the changes that could be made in that direction.

Mr. Chevrier: Mr. Chairman, I wish to make another remark. I do not know whether or not the matter has already been raised by other hon. members, but if so, the hon. Secretary of State can tell me, and I will resume my seat. Many times, especially during the last election campaign, the right hon. Prime Minister (Mr. Diefenbaker) gave the impression that Canadian government employees would receive a salary increase. Is the government now considering the matter? Have they decided to increase the salary of federal civil servants?

Mr. Courtemanche: Mr. Chairman, I will not go as far as to say that the government has, or has not, made a decision on the matter, but in a statement I made this afternoon I said that this matter comes under the jurisdiction of the Department of Finance. I said that when his estimates come up for consideration, the hon. Minister of Finance (Mr. Fleming) will then be able to answer this question more accurately.

Mr. Caron: In this way we can reserve our questions about salary increase for federal civil servants till we come to the estimates of the Department of Finance. I hope that we will not then be told that we should have put our questions to the hon. Secretary of State who is responsible for that matter. I wish to be sure about that, for it happened that we were told: "You should have asked that question at such and such a time". I am glad that the statement of the Secretary of State to the effect that this question comes directly under the Department of Finance has been set in the record so that we may, when the time comes, bring it to the attention of the Minister of Finance, should he tell us that the question should have been put to the hon. Secretary of State.

Mr. Courtemanche: The hon. member for Hull (Mr. Caron) can be assured that when he asks the question of the Minister of Finance, he will not be told to put it to the Secretary of State because I have been careful to consult my colleague before giving that answer.

Mr. Caron: Mr. Chairman, I should like to ask another question. With regard to competition notices published in the newspapers, it was said a moment ago—I refrained from asking any question at the time—that about 13,000 applications for jobs had been received

monthly. In view of this new policy having been established three months ago, has the number of applications decreased?

Mr. Courtemanche: Not to the knowledge of the civil service commissioners.

Mr. Caron: Mr. Chairman, since the only reply given to the candidates is to read the papers, which has not diminished the work of the employees of the civil service commission, in my opinion, it would be quite reasonable to revert to the former policy which was agreeable to everybody. As the hon. Secretary of State says, I think the civil service commission would be well advised to revert to the former policy since the administration costs are in no way less than they were before.

(Text):

Mr. Fisher: Several weeks ago there was a certain amount of discussion in the house arising out of statements made by Mr. Stewart Bates of the Central Mortgage and Housing Corporation. It was taken by the hon. member for Ottawa West and others that Mr. Bates' statement raised questions as to the efficiency of the civil service since it appeared that he was able to slash the strength of this particular agency while at the same time providing a service which was at least as good as it was before and, perhaps, even to extend that service.

We know that the government has this particular question under active consideration; at least we were given that assurance in the house. What I should like to know from the Secretary of State is what interest the civil service commission is taking in this issue and whether it is making any study of the developments in the Central Mortgage and Housing Corporation to see whether there are some advantages in the organization of this corporation that could apply to other branches of the civil service.

Mr. Courtemanche: The commission is aware of the facts in this case and they are following the progress which is being made and are ready to conduct themselves according to the situation that developed.

Mr. Fisher: I wonder whether the civil service commission has noted a column by the defeated Conservative candidate in Ottawa West which appeared in the Ottawa *Citizen* of August 6. There was one particular paragraph which, I think, might be interesting to the commission since it seems to imply that there has been very little change in the conditions which this particular defeated candidate thought quite unsatisfactory.

> Patronage dead! Well, if it is, there's a prevailing wind with an awful hang-over from past years, and, as far as my experience goes, it's almost impossible to get a door open and let in a breath of fresh air.

I wonder if the minister is able to comment on that particular remark.

Mr. Courtemanche: I do not think I can make any statement myself, but I can tell the hon. member that the doors of the commission are always wide open.

Mr. Hardie: I think the Secretary of State realizes that in the Northwest Territories and in the Yukon and in other areas of northern Canada civil servants working for various departments are not being treated in the same way, particularly with respect to housing. In the case of the Department of Transport, the department supplies the house, the furniture, cutlery and so on. In the case of the Department of Northern Affairs and National Resources a house and furniture are supplied, while I believe the Department of Fisheries follows the same practice as the department of northern affairs. In the case of the Department of Fisheries it was only last year that employees of that department in the Northwest Territories were provided with housing, and last year, also, Post Office Department employees were finally brought under this scheme, two houses being provided in the Northwest Territories for two postmasters, one at Fort Smith and the other at Yellowknife. I asked the Postmaster General a question on July 26 concerning this discrimination between the treatment accorded employees of the Post Office Department as compared with the treatment of employees of other departments, and he told me at that time that an investigation was being carried on by the government with regard to employees of the civil service in the north. I wonder if the Secretary of State can tell me how this investigation is progressing. As a matter of fact the investigation began a couple of years ago, and it is about time some conclusion was reached. I hope the minister will take the case of these post office employees into consideration and ensure that they are treated in the same way as people working in other departments of government are treated.

Mr. Courtemanche: This matter is the responsibility of each department concerned, but I am informed that the civil service commission is interested in the matter and reviewing the facts which have been put forward.

Mr. Hardie: Oh yes, but the civil service commission was very interested in the matter in 1956 when I spoke on it. It is now 1958, and I am wondering if we are going to get any results.

Mr. Courtemanche: The civil service commission has no authority.

Mr. Hardie: No authority to look after the interests of the people who work for them, the civil servants of the public service in Canada?

Mr. Courtemanche: It has no authority to settle questions about housing or anything like that. The authority is only a co-ordinating one, no more than that.

Mr. Hardie: Could the minister tell me if there is any difference in what is provided by the Department of Transport for their employees in the Northwest Territories as compared with what is provided by the department of northern affairs, or by the Post Office Department for its employees with regard to housing, furnishings, services, including fuel, oil, electric light and the rest of it? Is there any variation in the amount that is deducted from the remuneration of employees of each of these branches of the service?

Mr. Hamilton (Qu'Appelle): Mr. Chairman, in order to hurry this item along I would be prepared to give the hon. member for Mackenzie River the information he wants on my estimates.

Mr. Hardie: For post office, fisheries and transport?

Mr. Hamilton (Qu'Appelle): Yes. There is an interdepartmental committee which, as the hon. member knows, has been holding meetings for two years. There is some evidence that they are getting closer to agreement. I will give the hon. member the most recent information that is available on my estimates.

Mr. Hardie: You will give me the information I asked for just a few moments ago in regard to what services are being provided for persons working for the Post Office Department as opposed to those working for the Department of Northern Affairs and National Resources and the Department of Transport, et cetera. Can you give me that information?

Mr. Hamilton (Qu'Appelle): Mr. Chairman, I will try. I believe I have it all. I have seen the minutes of the interdepartmental committee and I think I can get it.

Mr. Hardie: I would hope the minister would provide me with that information at the time his estimates are before the house now that he has had notice of these questions.

[Mr. Hardie.]

Office of the Chief Electoral Officer—

57. Salaries and expenses of office, $77,705.

Mr. Fisher: Mr. Chairman, I have a number of questions to ask on this item and I wonder if we could wait until the minister has his officials before him.

The first question I want to put before the minister is this. I think he will recognize that his role in relation to the office we are now concerned with is more immediate to himself than is his role in relation to the civil service commission. In a sense he is much more responsible for these activities. He must be aware that his party in previous sessions of the house took a very strong position in connection with the constitutional regard toward the whole question of redistribution. The then leader of the opposition who is now the high commissioner in England was particularly vocal in this regard. When we had before us this session a bill that would have effected redistribution two hon. members on the government side of the house from the province of Quebec spoke on this matter. I want to ask the minister what are his views.

The Tremblay report, for example, sets out to some degree the views of Quebec on constitutional matters and insists that on questions of redistribution each of the provinces should be consulted in any readjustment of boundaries. That has not been observed, particularly in the last two or three redistributions. I want to ask the minister what are his views and what is the viewpoint of his government in that regard in the light of statements by the former leader of that party and statements by hon. members on the government side of the house from Quebec who within the last two or three months in this house expressed the opinion that the whole question of redistribution, when it comes to boundaries and drawing up constituencies, should be taken to the provincial authorities for consultation. That is my first question. Would the minister care to comment?

Mr. Courtemanche: Mr. Chairman, I shall be glad to refer the hon. member for Port Arthur to the answer I gave to him on June 25 in respect of this question as reported at page 1610 of *Hansard* of that date:

> In view of the very heavy program of legislation on the agenda for this session I can only say at this time that the government has given consideration to this problem, and intends to refer the study of the Canada Elections Act to the committee at a later date.

Mr. Chevrier: What committee is that?

Mr. Courtemanche: The standing committee on elections.

Mr. Fisher: Mr. Chairman, this has nothing to do with the Canada Elections Act. It is a

constitutional question relating to the interpretation of the British North America Act. Although it is something that may be discussed by the committee on elections it must be decided at a much higher policy level and in consultation with the provincial authorities. I asked about it in order to get an idea as to the pre-thinking of the minister on this subject.

Mr. Courtemanche: Mr. Chairman, that is a question concerning government policy. I can say nothing more than what I have said because the government, and not the minister, must decide this question.

(Translation):

Mr. Caron: Mr. Chairman, I wonder if I am right in my interpretation of that part of the discussion. It is not a matter of consulting provincial governments, but the constitution provides simply for an electoral redistribution based on the number of seats ascribed to the province of Quebec. At first, the province of Quebec had 65 seats and the other provinces a proportionate number of constituencies, according to their population. Then, the government changed the pattern by increasing the number of constituencies in the province of Quebec while keeping the same proportion in the other provinces. Is that correct?

Mr. Courtemanche: Mr. Chairman, I will simply point out that the law was amended, if I remember correctly, during the years 1950-51—

Mr. Caron: 1951.

Mr. Courtemanche: —1951, yes, and instead of taking 65 seats as a basis, as was done formerly, a certain proportion of the population was taken into account. Now, that change cannot be made before a census has been taken to assess the increase in population. The last census having been made in 1950, I do not believe that there can be any redistribution before 1960.

Mr. Caron: Mr. Chairman, without making any electoral redistribution, if some changes do occur in a riding, is it necessary to wait for a redistribution to add territory to a constituency? I will give an example. The area of the city of Hull has been extended. To add that part of the city of Hull which was formerly in the federal riding of Gatineau and the provincial riding of Hull to the federal riding of Hull, do we have to wait for a redistribution, or can it be done in the meantime?

Mr. Courtemanche: We should wait for a further redistribution of all federal ridings.

Mr. Caron: But this will change the limits of only two ridings. It will in no way affect the number of ridings in the province of Quebec. I am sure that if we modify the number of ridings there, redistribution is necessary throughout the country, but in the case we are dealing with, it is only a question of changing the limits of two ridings, as a result of expansion of one municipality.

Mr. Courtemanche: Mr. Chairman, there can be expansion in one part of the province, and contraction in another. You have to restore the balance and, if I remember rightly,—unfortunately Mr. Castonguay is not here with me tonight—

Mr. Chevrier: You have Mr. Anglin, who is very able.

Mr. Courtemanche: Yes. I had the opportunity of talking to Mr. Castonguay, but at the last moment another official was sent to assist me. I am told that if we had a general election now, Ontario would have two more members, and Quebec would lose one.

(Text):

Mr. Chevrier: May I ask a short question with reference to the period of elections? I have heard it said in the house repeatedly over the years, and I have heard it said by members on both sides of the house, that the time between the issue of the writ and the election itself is too long. I am wondering whether, under the present method of registering voters, it is possible to shorten the time of the election?

Has the minister or his officers given any consideration to this period which of necessity must elapse after the issue of the writ and what, if anything, has been done to shorten that period? These are the two questions on which I would like some enlightenment.

Mr. Courtemanche: I am informed that it cannot be done with the present form of enumeration.

Mr. Pearson: What would be required in the way of changing the present form of enumeration to make a reduction of this period possible?

Mr. Courtemanche: A permanent list.

Mr. Chevrier: Will it require legislation?

Mr. Courtemanche: Absolutely, yes.

(Translation):

Mr. Caron: Mr. Chairman, did I understand the Secretary of State to say a while ago that there would be a redistribution next year, that there would be a committee formed for that purpose?

Mr. Courtemanche: Mr. Chairman, the committee will be set up to study the matter of redistribution and the various items of legislation which have been introduced during this present session suggesting amendments to the Canada Elections Act. However, with regard to the redistribution of seats, this can only be done after a census, and this cannot take place before 1960.

Mr. Caron: Mr. Chairman, unless I am mistaken, the census will take place in 1961.

Mr. Courtemanche: I must say to the hon. member for Hull (Mr. Caron) that this is not a matter coming within my jurisdiction. This is special legislation entitled the Representation Act 1952, and it does not come under my department.

Mr. Caron: Still, we must ask the Secretary of State for information in this regard, since he is responsible for this matter before the house. This means that redistribution will be carried out after the 1961 census, so that this cannot take place before 1962 since we must have the census figures before providing for redistribution.

A moment ago the hon. member for Port Arthur (Mr. Fisher) stated that the Tremblay Commission report had suggested that the provinces or certain provinces be consulted before any changes are made. To my mind this suggestion is altogether opposed to the very principles of the constitution. As long as we retain the same formula, based on the number of electors per Quebec constituency, I feel that we remain faithful to the spirit of the constitution.

Mr. Courtemanche: I will answer that question by asking the hon. member for Hull (Mr. Caron) if he has had occasion to read the Tremblay report? Personally, I did not have the opportunity.

Mr. Denis: Mr. Chairman, while we are examining the Canada Elections Act, might not the Secretary of State ask the Chief Electoral Officer to clarify the section of the Act which deals with the employment of persons permitted to work for candidates? As I understand it, a section of the act stipulates that a candidate may not employ—or, rather, pay—more than one person for every 500 electors. While I appreciate that there are such posts as clerical assistants, clerks and so on, there is nothing in the act about representatives in the polls.

The hon. Secretary of State knows that the various candidates are allowed two representatives per poll on election day. But the law does not tell us if they are allowed to pay these people. As I see it, it is important that the Chief Electoral Officer should clarify this matter, so that we may know whether or not we are entitled to pay these representatives, for if we maintain the limit of one paid person for every 500 electors, then we cannot retain the services of a representative and pay him; otherwise, first he loses his voting right, and secondly we are not allowed to pay him.

Mr. Courtemanche: I am informed that to provide for that the law should be amended. However, a candidate is authorized to spend $500 for various representatives.

Mr. Caron: Will the committee to be entrusted with a study of the Canada Elections Act next year have to deal with all those matters?

Mr. Courtemanche: Certainly, yes.

(Text):

Mr. Fisher: There has been discussion in a language which I unfortunately do not understand very well on what I brought up, namely redistribution. I just wish to ask the minister what he had to say about the Tremblay report? I know he said something.

Mr. Courtemanche: I answered the question that I have not read the Tremblay report and I told the hon. member that he was lucky to have read it.

Mr. Fisher: I have another question in connection with redistribution. In view of the fact that this parliament, not at this session, will have to face this problem, what steps has the chief electoral officer taken, or what steps is he taking, or does he plan to take steps to advise parliament on this particular task?

Mr. Courtemanche: The chief electoral officer has nothing to do with redistribution; it is up to parliament.

Mr. Fisher: That may be true in the technical sense but I think the minister is aware that in effect he has a chief adviser on that particular matter who spends a great deal of time and takes a great interest in this particular topic. He has a considerable file of material on the whole question of redistribution. I was just wondering how far he was going in his lining up of information, especially in relation to the size of constituencies, the population of constituencies and calculations projected ahead as to the number of seats provinces were going to gain or lose.

Mr. Courtemanche: I have nothing to do with that. The government will deal with that at the proper time. Even if the department of the chief electoral officer comes under his jurisdiction, the Secretary of State has nothing to do with that and neither has the chief electoral officer. Parliament will decide.

Mr. Chevrier: May I ask just one question following what the hon. member for Port Arthur has said. I understand from what the member for Port Arthur has said that he is under the impression that there will be redistribution before the next election. I understood the minister to say a moment ago, unless I misunderstood him, that there would not be. Now, which is it?

Mr. Fisher: That depends upon the Prime Minister, but there has to be a redistribution in 1962.

Mr. Courtemanche: The next census will take place in 1962 and nothing will be done before that.

(Translation):

Mr. Denis: In referring to the statement of the Secretary of State about the amendment to the election act in connection with representatives, I take it that the act allows a candidate to spend $500 to this end. For those who have 300 polls in their riding and who wish to employ two representatives in each poll, you have 600 people. If we vote a total appropriation of $500, this leaves us with a sum of about $1 per representative. You might just as well leave the act unchanged as to try to hire people for $1 a day, not to mention the fact that they must, in addition, pay for their own meals. I believe that the sum of $500 mentioned by the Secretary of State is far from adequate. This is 1958, and the cost of living and of labour have gone up by more than $1 a day.

Mr. Courtemanche: Which goes to show that it is necessary to amend the Canada Elections Act.

Mr. Denis: The Secretary of State mentioned $500 for each riding. I feel that falls far short of the mark.

(Text):

Mr. Garland: Can the minister say how many returning officers have been appointed throughout Canada in the last 12 months?

Mr. Courtemanche: I cannot answer. We do not have the figures here.

Mr. Garland: How many such appointments are currently pending?

Mr. Courtemanche: From recollection, only two.

Mr. Garland: In view of the fact that the minister has not got the information, would he undertake to give it to me at the earliest possible date?

Mr. Courtemanche: I will get the figures and I will be ready to answer the hon. member.

Mr. Fisher: In the same vein, how does the chief electoral officer arrive at the choice of the returning officer?

Mr. Courtemanche: The chief electoral officer has nothing to do with that matter. They are appointed by order in council.

Mr. Fisher: Does the minister mean that the chief electoral officer gives no advice as to appointments?

Mr. Courtemanche: Yes.

Mr. Fisher: Perhaps the minister could explain what channel it is that determines these matters.

Mr. Courtemanche: The law is that if a man is over 65 years of age or sick the Secretary of State is advised and an order in council is passed.

Mr. Chevrier: Under 65.

Mr. Courtemanche: Over 65.

Mr. Fisher: How many charges were laid in the courts following the last two elections as the result of action by the chief electoral officer in carrying out the provisions of the Canada Elections Act? What were the charges and what results did they have?

Mr. Courtemanche: We will have this information later and I will be able to answer the hon. member.

Mr. Fisher: Maybe I can ask this question. Has the minister final cost figures on the 1957 and 1958 elections?

Mr. Courtemanche: The cost of the 1957 election was $7,351,789 and the cost of the 1958 election was $9,051,300.

Mr. Fisher: Is any study under way or is it known now what it would cost per poll to extend advance polls in a more general way?

Mr. Courtemanche: I am told that the question is a little too broad to answer.

Mr. Fisher: Let us put it this way. Is any study under way to check on the cost? I raise the question because when one advances the idea of more advance polls or advance polls open to a broader classification of voters or for more days the point is always made that it would increase the cost so much but it is very difficult for us to discuss the matter unless we can be presented with some idea of the cost. The province of Ontario has gone ahead and extended its advance poll provisions in a certain way and I was wondering whether the chief electoral officer had gathered any cost information from the province. There would be quite a similarity.

Mr. Courtemanche: I am informed that it is pretty hard to answer this question because it is too broad a one. They do not have any figures.

Mr. Caron: Is the cost of an advance poll lower or higher according to the section of the country where it is held?

Mr. Courtemanche: The answer is yes. We have some variation.

Mr. Caron: Could we get an average figure of the cost of such polls. I do not want an exact figure, just an average.

Mr. Courtemanche: The only answer is that normally the cost is less in rural districts than in urban ones.

Mr. Caron: But as between two cities, say Toronto and Montreal, is there a difference in the cost?

Mr. Courtemanche: No.

Mr. Caron: What is the approximate cost in Montreal?

Mr. Courtemanche: It depends on the number on the list because the tariff is the same everywhere.

Mr. Caron: What is the tariff?

(Translation):

Could the Secretary of State tell me what tariff he is talking about?

Mr. Courtemanche: The tariff fixing the cost of the poll, the rental of the premises and the salaries of the returning officers.

(Text):

Deputy returning officer, for all services, $18; poll clerks, $12, and rent, $20.

Mr. Caron: Is there not usually a constable?

Mr. Courtemanche: That depends. If you have a constable you will pay for him.

Mr. Caron: What would be the cost for a constable, $7 or $8.

Mr. Courtemanche: Ten dollars.

(Translation):

Mr. Dupuis: I should like to ask the Secretary of State if in the province of Quebec the provincial police seen around polls on election day are paid by the department?

Mr. Courtemanche: I will not attempt to discuss this matter with the hon. member this evening.

Mr. Dupuis: Is this practice encouraged by the department?

(Text):

Mr. Courtemanche: I should like to correct something for the record. In rural districts a constable is paid $6 but in urban districts a constable receives $10 a day.

Mr. Kindt: I should like to ask the minister a question on the subject of disability. How many civil servants have been forced to leave the government service during the past ten years because of disability?

The Deputy Chairman: Order. I wonder whether the hon. member would mind sitting down. We passed the civil service item. We are on item 57, office of the chief electoral officer.

Mr. Fisher: I want to come back to the question of the cost of advance polls. I realize that the question is perhaps too broad. I regret that Mr. Castonguay is not here at the present time to indicate whether he has been working in this field.

I understood that he had been, and I wondered if the minister would advise the chief electoral officer that information on this particular point would be useful. We should have a concrete idea how much it would cost to extend advance poll privileges.

I think there has been fairly general agreement amongst the members of the house that we would like to see advance poll privileges extended, but one of the stumbling blocks to getting definite action is this question of cost. I understand that the experience in Ontario has not been a happy one. There has not been a resultant increase in the vote following an extension of the advance poll which, according to many people, would compensate for this extension. We need to know the answer to this sort of thing before we go ahead. Perhaps we will not be able to raise this question until the minister's estimates are considered next year, but I do hope he will

advise the chief electoral officer to put some work on this particular feature.

Mr. Courtemanche: I thank the hon. member, and as soon as the chief electoral officer returns I will give the question consideration and be ready to answer.

Mr. Hardie: I wonder if the minister can tell the committee why it is that although we have people in the Northwest Territories and the Yukon who would qualify for voting at advance polls, there is no such thing as an advance poll in these areas?

Mr. Courtemanche: The answer is that it has never been asked for before.

Mr. Hardie: The minister had better go back and look at *Hansard*. I asked for it two or three years ago.

May I refer to a problem which we encountered during the last election campaign. On the evening of the election the Edmonton radio station in Alberta was giving the results of the Alberta polls, as well as the various polls across the country east of Alberta, and in one portion of my riding it was six o'clock so the result could not interfere with the bandwagon jumpers—as it happened there were not too many of them—but in the other half of my riding they were an hour behind. The same situation would hold good in the Yukon, where they have Yukon time, and they are still another hour behind. Although they get very poor radio reception in the north, there are times when as a result of freak reception the people in the Yukon could get the results of the polling from Newfoundland to Alberta two hours before the polls closed.

Mr. Courtemanche: Could the hon. member tell me how many votes were cast in that advance poll?

Mr. Hardie: I am not speaking about the advance poll. I am speaking of the announcement by radio stations of the returns as they are received from the provinces. As I said, in the last election the radio station in Edmonton was booming out the results of the polls from Newfoundland to Alberta an hour before the polls in my riding closed, and two hours before they closed in the Yukon.

Mr. Pratt: It happens everywhere.

Mr. Hardie: It does?

Mr. Pratt: Yes.

Mr. Hardie: Oh, that is why the bandwagon jumpers were jumping this last trip.

(Translation):

Mr. Richard (Ottawa East): Mr. Chairman, I should like to direct only one remark to the Secretary of State (Mr. Courtemanche). I should like to draw to his attention a situation which is always embarrassing for outgoing members and for the government. It is that election papers outside the province of Quebec and some constituencies in Manitoba are, according to law, printed in only one language. In the past, outgoing members have been blamed because the act is not very clear on this point and, to prevent such criticism in the future, I would suggest to the Secretary of State that he request his officials to prepare an amendment which would provide for the publication and printing of election papers in both official languages of this country for bilingual constituencies.

Mr. Courtemanche: I will certainly draw this matter to the attention of the responsible officials.

Mr. Caron: Mr. Chairman, I do not think it is necessary to discuss this matter at any length because all federal documents are supposed to be bilingual just as postal stamps and currency must be bilingual.

Mr. Courtemanche: I am informed that the election act will have to be amended because it was not provided that outside the province of Quebec and certain provinces such as Manitoba, these election papers be printed otherwise than in English. I will certainly make the required recommendations.

(Text):

Mr. Fisher: I have one complaint in connection with the operations of the election act during the last election. I raised the question in the house in connection with the Canadian Broadcasting Corporation, but was not able to obtain the information I needed. The situation is this. The election act forbids any sort of radio or television performance in support of the parties or dealing with the election for the period from Friday midnight until the polls close on Monday evening.

On the Sunday before the election a number of radio stations across Canada carried a broadcast sponsored by the Canadian Chamber of Commerce which featured Mr. Grant McConachie, the president of the Canadian Pacific Air Lines. The burden of the message was an exhortation to the people to get out and vote, but the part to which I particularly objected was one of his concluding remarks to the effect that if you do not get out and vote you are likely to have a socialist government or that is how socialists get in power. I want to make the point that we happen to be a socialist party, and we are recognized as such. I feel this was a breach of the elections act. Unfortunately we are not in a position to get hold of the tape, since the C.B.C. requirements seem to have lapsed in

this particular regard. I am not going to ask the minister to investigate the matter now, but I should like him to advise the chief electoral officer that in future elections he should be more watchful of this particular type of action. I do not believe political broadcasts should be taking place during this period.

Item agreed to.

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

BUSINESS OF THE HOUSE

Mr. Chevrier: May I ask what the business will be for tomorrow, and when the house leader is dealing with that I wonder if he could tell us what will take place on Monday?

Mr. Green: We shall continue with the estimates of the Department of the Secretary of State tomorrow; then, the estimates of legislation, northern affairs, labour, mines and technical surveys, and post office.

On Monday we will commence with item No. 18 on today's order paper, which has to do with the simultaneous translation system for the chamber; then the resolution concerning the federal district commission, which is item No. 21. Then we will take item No. 1, the house in committee on the act to incorporate the lakehead harbour commissioners; item No. 7, consideration of Senate amendments to an act to amend the Lake of the Woods Control Board Act, 1921; item No. 9, second reading of an act to amend the Indian Act; item No. 8, an act to amend the Penitentiary Act; item No. 12, second reading of an act to amend the Criminal Code; item No. 17, the resolution concerning the national parole board, and item No. 20, the resolution concerning the Emergency Gold Mining Assistance Act.

On Tuesday we intend to take the various items standing in the name of the Minister of Finance, commencing with item No. 3 on today's order paper, an act respecting the taxation of estates, and then to go on to the Customs Tariff resolution, which is item No. 22 on today's order paper; and then item No. 5, which is an act to amend the Excise Tax Act. The other finance measures will be considered after that.

It being four minutes after ten o'clock the house adjourned, without question put, pursuant to the order of the house passed on July 14.

[Mr. Fisher.]

[The following items were issued in Committee of Supply]:

DEPARTMENT OF NATIONAL DEFENCE

Defence services—

220. To provide for the Canadian forces, the defence research board and other expenditures relating to defence, including costs incurred in the participation of the Canadian forces in the United Nations emergency force and contributions toward the military costs of the North Atlantic Treaty organization; to authorize expenditures in the current year out of the amount hereby provided, not exceeding $130,000,000, under the provisions of section 3 of the Defence Appropriation Act, 1950, and to provide that, notwithstanding subsection (3) of that section, where equipment or supplies are transferred, the estimated present value thereof shall be credited to this vote instead of being paid into the special account mentioned in the said subsection (3), and when so credited may be expended for the purposes of the Canadian forces; and notwithstanding section 30 of the Financial Administration Act to authorize total commitments for the foregoing purposes of $3,158,845,866 regardless of the year in which such commitments will come in course of payment (of which it is estimated that $1,350,597,670 will come due for payment in future years), $1,630,377,196.

General services—

221. Grants to military associations, institutes and others, as detailed in the estimates, $259,175.

222. To authorize, subject to the approval of the treasury board, grants to the town of Oromocto for municipal services including the maintenance and operation of schools and to promote the development of the town, $570,000.

Pensions and other benefits—

223. Civil Pensions, as detailed in the estimates, $2,457.

224. To authorize in respect of members of the Royal Canadian Air Force on leave without pay and serving as instructors with civilian training organizations operating under the British Commonwealth air training plan who were killed, payment to their dependents of amounts equal to the amounts such dependents would have received under the Pension Act, as amended, had such service as instructors been military service in the armed forces of Canada, less the value of any benefits received by such dependents under insurance contracts which were effected on the lives of such members of the Royal Canadian Air Force by or at the expense of the civilian organizations, $4,310.

Defence Services Pension Act—

225. Government contribution to the permanent services pension account, $49,504,051.

504. To authorize in the current and subsequent fiscal years, under such terms and conditions as the governor in council prescribes, a capital assistance loan to the town of Oromocto, New Brunswick, to be covered by town debentures, for the purpose of assisting in the completion of the physical development of municipal works and the further development of the town's assets, $2,000,000.

505. To authorize in the current and subsequent fiscal years, under such terms and conditions as the governor in council may prescribe, loans to the town of Oromocto, New Brunswick, or its agent, for housing projects in Oromocto, $2,500,000.

General services—

578. To authorize, subject to the approval of the treasury board, grants to the town of Oromocto for municipal services including the maintenance

and operation of schools and to promote the development of the town—further amount required, $390,500.

DEPARTMENT OF DEFENCE PRODUCTION

A—Department—

78. Departmental administration and payments to Canadian commercial corporation and other corporate agencies for services provided in connection with defence purchasing and production, $7,232,086.

79. Care, maintenance and custody of standby defence plants, buildings, machine tools and production tooling, $450,000.

80. To provide capital assistance for the construction, acquisition, extension or improvement of capital equipment or works by private contractors engaged in defence contracts, or by crown plants operated on a management-fee basis, or by crown companies under direction of the Minister of Defence Production, subject to approval of treasury board, $900,000.

81. To provide for payment of grants to municipalities in lieu of taxes on crown-owned defence plants operated by private contractors, $95,000.

B—Crown companies—

82. To provide for expenses incurred by Defence Construction (1951) Limited in procuring the construction of defence projects on behalf of the Department of National Defence and procuring the construction of such other projects as are approved by treasury board, $3,009,666.

Canadian Arsenals Limited—

83. Administration and operation, $1,800,000.

84. Construction, improvements and equipment, $1,354,820.

A—Department—

541. To provide capital assistance for the construction, acquisition, extension or improvement of capital equipment or works by private contractors engaged in defence contracts, or by Crown Plants operated on a management-fee basis, or by Crown Companies under direction of the Minister of Defence Production, subject to approval of treasury board—further amount required, $1,200,000.

DEPARTMENT OF SECRETARY OF STATE

383. Departmental administration, $282,666.

384. Companies division, $115,535.

385. Trade Marks division, including a contribution of $3,800 to the international office for the protection of industrial property, $190,645.

386. Bureau for translations, $1,462,120.

Patent and Copyright office—

387. Administration division, $144,650.

388. Patent division, $1,822,450.

389. Copyright and industrial designs division, including a contribution of $3,300 to the union office for the protection of literary and artistic works, $30,785.

Special—

390. To provide for special expenditure in connection with a commission under the Inquiries Act to inquire into the working of the Patent Act, and Copyright Act, the Industrial Designs Act, and other related legislation, $15,300.

CIVIL SERVICE COMMISSION

77. Salaries and contingencies of the commission, $3,434,161.

540. Salaries and contingencies of the commission —further amount required, $87,610.

621. Bureau for translations—further amount required, $58,800.

OFFICE OF THE CHIEF ELECTORAL OFFICER

57. Salaries and expenses of office, $77,705.

HOUSE OF COMMONS

Saturday, August 9, 1958

The house met at eleven o'clock.

MISCELLANEOUS PRIVATE BILLS

Tenth report of standing committee on miscellaneous private bills.—Mr. McCleave.

VACANCIES

ANNOUNCEMENT OF ISSUE OF WRITS AND DATE OF POLLING

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I wish to announce to the house that writs have been issued for the election of new members for the electoral districts of Grenville-Dundas in Ontario and Montmagny-L'Islet in the province of Quebec, and that the date of polling has been set for Monday, September 29, 1958.

EXTERNAL AFFAIRS

BURMA—ANNOUNCEMENT OF EXCHANGE OF DIPLOMATIC REPRESENTATIVES

Hon. Sidney E. Smith (Secretary of State for External Affairs): Mr. Speaker, I am happy to announce that agreement has been reached with the government of Burma for the exchange of diplomatic representatives. We have welcomed the proposal of the Burmese government to accredit to Ottawa their distinguished ambassador in Washington, His Excellency U Win, who will be concurrently ambassador to Canada and to the United States. The Canadian government has been pleased to send as its first ambassador to Burma Mr. Arthur Menzies, our high commissioner to Malaya. Mr. Menzies will also hold these two appointments concurrently. He will maintain his residence in Kuala Lumpur, but he will visit Rangoon from time to time in order to establish the close relation which we are anxious to maintain with the Burmese authorities and the people of that country. It is not intended to set up an office in Rangoon at this time, but we hope that when we have overcome the present strain on our resources of personnel we shall be able to maintain an office in Burma.

Canada's relations with Burma in the United Nations, in the Colombo plan and in many other international organizations have always been particularly warm and friendly. We have a great admiration for the gallant way in which the people of that country have struggled against the ravages of war and civil strife to create a stronghold of the democratic way of life in Asia. We look forward to even closer relations by reason of our exchange of ambassadors.

Hon. Paul Martin (Essex East): Mr. Speaker, I am sure the house will welcome this announcement by the Secretary of State for External Affairs which now gives Canada the first opportunity of having a diplomatic mission in that part of southeast Asia. Have the minister and the government given consideration to having missions accredited not only to Burma but as well to some other countries, perhaps through the appointee in Burma, such as in Viet Nam, following a practice which has been pursued by Australia for some time?

Mr. Hazen Argue (Assiniboia): Mr. Speaker, we in this group also welcome the announcement by the minister. We believe it is a further indication of Canada's growing stature in international relations as well as a recognition by the government and parliament of the increased need for developing our relations in southeast Asia. I express the hope to the minister that following this important step Canada will take action to recognize China at an early date and set up diplomatic services for Canada in that country. We welcome this move as a further step toward improving Canada's relations with this increasingly important part of the world.

MIDDLE EAST—REQUEST FOR STATEMENT ON PROPOSED UN SPECIAL ASSEMBLY

On the orders of the day:

Hon. Paul Martin (Essex East): I should like to ask the Secretary of State for External Affairs if it is the intention of the government that the Canadian delegation attending the extraordinary session of the assembly of the United Nations, scheduled for Wednesday morning next, will be headed by a member of the government. Is it the intention of the minister himself to head the delegation? Is he in a position to state to the house now, or prior to that meeting, what will be the attitude of the government of Canada, particularly in view of the statement made yesterday by the secretary general?

Hon. Sidney E. Smith (Secretary of State for External Affairs): It is my intention, Mr. Speaker, to attend the emergency session of

the general assembly to be held on Wednesday morning next. I intend to leave Ottawa on Monday afternoon.

With respect to the second part of the question, in so far as it related to the observations that were made yesterday in the pro forma meeting of the general assembly, I would make these observations in general first, and then in particular. The discussions yesterday and the conclusions reached, and the statements made by the president of the general assembly, Sir Leslie Munro, and the secretary general, augur well for a session that will not be too inflammatory in character. There is some foundation for what I designate as a hope in that regard.

The secretary general did bring into the discussion yesterday afternoon a helpful statement. He expressed ideas—I cannot go any further than this—which are not unknown to the Canadian government. He expressed, to quote his own words, "some of the basic needs for action in the region", touching on the need for a formula for non-interference by the states of the region in the affairs of their neighbours and some co-operative approach to their common economic problems, thus drawing attention to the evident truth that the key to the problems of the region rests largely in the hands of the states of the area themselves.

The secretary general refrained from going into details of his ideas at this time, but I am informed he will elaborate upon what he has in mind at the meeting of the emergency session of the general assembly. However, he did give a lead that should enable the general assembly to concentrate its attention on those problems that lie at the root of the Middle East trouble.

The atmosphere which he and others have created, as I said a moment ago, lays the foundation for some hope that the meeting next week will not be entirely of an inflammatory nature. In so far as the general assembly addresses itself not only to the immediate problem but to this basic problem, Canada will support that approach.

LEBANON—REPORTED WITHDRAWAL OF U.S. MARINE BATTALION

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I should like to direct a question to the Secretary of State for External Affairs. It arises out of a newspaper report appearing on the front page of the *Globe and Mail* of this morning indicating that the United States plans early next week to withdraw a marine battalion from Lebanon. I wonder whether the minister would care to comment on what appears to be a substantial indication of a very welcome reduction of tension in this area. Is this move also designed, in the opinion of the minister, to assist in the mediation of outstanding disputes in this area?

Hon. Sidney E. Smith (Secretary of State for External Affairs): Mr. Speaker, I have no official knowledge of the information given in the press report to which the hon. member refers. I would express the hope, however, that it may portend an action on the part of the United States which would indicate that some measure of stability has already been established in Lebanon, enabling them to take this step.

WATER RESOURCES

MANITOBA—TABLING OF COPY OF REPORT OF ENGINEERING SURVEY

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, on July 23 I announced in the house that the government had received reports on measures for the control of the waters of lake Winnipeg in Manitoba, and that I would be tabling copies as soon as they were available. I take pleasure now in tabling two copies of the three volume report, and in telling the house that copies of the first volume have been sent to members from Manitoba ridings and that additional copies are available, on request, for any other hon. member who wishes them.

Mr. Pickersgill: May I ask the minister whether those reports are available in both official languages?

Mr. Hamilton (Qu'Appelle): No, Mr. Speaker.

RAILWAY ACT

AMENDMENTS RESPECTING GRADE CROSSING FUND

Hon. George H. Hees (Minister of Transport) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

That it is expedient to introduce a measure to amend the Railway Act to permit certain grants to be made from the railway grade crossing fund; to credit to the railway grade crossing fund in each fiscal year the sum of five million dollars to aid actual construction work for the protection, safety and convenience of the public in respect of crossings; and for certain changes in connection with the administration of the fund.

Motion agreed to.

TRADE

REPORTED MEASURES TO MEET SOVIET ECONOMIC OFFENSIVE

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I should like to address a question

to the Prime Minister. My question is based on the following Canadian Press dispatch dated August 8:

> Qualified Canadian sources said today prospects have brightened considerably for a huge marshalling by the western powers of gold and currencies to fight the Soviet economic offensive.

In view of the general interest in and importance of this statement, in relation to the maintenance and expansion of Canada's overseas markets, can the Prime Minister give the house any further information at this time?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I cannot add anything to the statement I made in the house on July 25. When dealing with the question of measures that might be taken in order to meet the Soviet trade offensive I pointed out and suggested that in so far as the international monetary fund is concerned, an increase in quotas of 50 per cent would bring about an additional $3,000 million in gold and useful currencies, the result of which would be to substantially increase the liquid assets backing world trade, and also that in so far as the international bank is concerned, if there were an increase in the guarantee by the participating countries from 80 per cent to 160 per cent of national capital subscriptions, that would provide an increase in the bank's borrowing power by several billions of dollars, and could be made to further assist any uncommitted countries.

That was the general suggestion. That was the suggestion referred to, as my hon. friend knows, in the Canadian Press article. But having regard to those considerations which I know will immediately occur to the hon. gentleman, I would not want to add anything further at this time other than that the suggestion I then made is one that I hope will receive consideration.

Mr. Hazen Argue (Assiniboia): May I ask a supplementary question on this very important statement by the Prime Minister. Can we take it from the statement the Prime Minister has now made that Canada will be putting forward this proposition at the New Delhi meeting?

Mr. Diefenbaker: Mr. Speaker, I am not going to say at this time what will be put forward at that time, but certainly the statement I made represents the viewpoint that will be generally advanced and is being advanced by the Canadian government.

Inquiries of the Ministry

SHIPPING

MARINE ENGINEERS—INQUIRY AS TO CONCILIATION BOARD REPORT

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I direct a question to the Minister of Labour. Having regard to the announcement made this morning respecting the conciliation board report in the dispute between the national association of marine engineers and the great lakes shipping association, can the minister say what is the content of the report, and has he any comment to make on it at this time?

Hon. Michael Starr (Minister of Labour): Mr. Speaker, we received this report several days ago. It was a unanimous report by the conciliation board. We transmitted it to the parties concerned, and so far we have had no reaction from them.

NATIONAL PARKS

JASPER—REQUEST FOR INVESTIGATION INTO KILLING OF YOUNG GIRL BY BEAR

On the orders of the day:

Mr. H. M. Horner (Jasper-Edson): I should like to direct a question to the Minister of Northern Affairs and National Resources. I am sure the minister is aware of the tragedy that occurred in Jasper yesterday, when a young girl was mauled to death by a bear. Can the minister assure the house that the fullest possible investigation will be undertaken immediately?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): I should like to thank the hon. member for handing me a copy of this question as I came into the house. I heard a radio report this morning, and I can assure the house that the usual investigation will take place as is conducted on such occasions. At the same time I express the sympathy of all of us to the people associated with this dreadful tragedy.

I point out that the question of mauling, damage and death by bears in our national parks is a problem that seriously engrosses the attention of the department. We have engaged in an educational program to try to make the tourist population aware of the danger of these half-wild bears, but the educational program is only effective to the degree that people listen to what they are told and read the signs that are posted. However, I shall find out about the matter and make a full report if it is requested.

Inquiries of the Ministry

NORTHERN AFFAIRS

ESKIMOS—REQUEST FOR FURTHER REPORTS ON DEATHS AT GARRY LAKE, N.W.T.

On the orders of the day:

Mr. M. A. Hardie (Mackenzie River): Mr. Speaker, yesterday the Minister of Northern Affairs and National Resources was good enough to table the report of an inquest into the death of a number of Eskimos at Garry lake in the Northwest Territories, actually in response to my request of a few days ago. In the sessional paper that was tabled yesterday I find that the R.C.M.P. and the Department of National Defence, through the R.C.A.F. which is flying in that part of the country, did certain work with regard to—

Some hon. Members: Question.

Mr. Hardie: You will get the question right now. First, I should like to ask the Minister of National Defence if the R.C.A.F. at Fort Churchill have made any report to his department with regard to the starvation of the Eskimos at Garry lake, and I also want to ask the Minister of Justice if the R.C.M.P. at Baker Lake have made a report.

Mr. Speaker: Perhaps the hon. member would ask one question at a time, please.

Mr. Hardie: If so, I want them tabled.

Hon. G. R. Pearkes (Minister of National Defence): I shall be pleased to make inquiries in the department to see whether or not such a report has been received.

Mr. Speaker: The hon. member may now ask his question of the Minister of Justice.

Mr. Hardie: I should like to ask the Minister of Justice if he has received a report from the R.C.M.P. in the field at Baker Lake, in regard to the starvation of Eskimos at Garry lake.

Hon. E. D. Fulton (Minister of Justice): I personally have not received a report, but I shall make an inquiry to see if the commissioner has any information.

COMBINES INVESTIGATION ACT

NEWSPAPERS—REQUEST FOR REPORT ON INVESTIGATION

On the orders of the day:

Mr. Erhart Regier (Burnaby-Coquitlam): May I ask the Minister of Justice a question in connection with a report that under the anti-combines legislation he is looking into one particular case involving two newspapers in Canada? Is the minister able to inform the house when this investigation is likely to be completed, and whether a report of the findings will be made available?

Hon. E. D. Fulton (Minister of Justice): I am not able to say, Mr. Speaker, with any certainty when the investigation will be completed. During the course of the discussion of my estimates I indicated the number of such investigations that are now under way. With respect to the second part of the question may I say that the tabling of the reports is governed by the provisions of the act, and we will comply with those provisions.

HOUSING

CENTRAL MORTGAGE AND HOUSING—AVAILABILITY OF MORTGAGE FUNDS OUTSIDE LARGE CENTRES

On the orders of the day:

Mr. J. R. Garland (Nipissing): I should like to direct a question to the Minister of Public Works. Since most of the money lent by this government through Central Mortgage and Housing Corporation for the construction of small homes has gone to the large cities—and I think the best example of that fact is Toronto, which has received 37 per cent—what action is the government taking to ensure that a greater percentage of these funds will in future go to our people living outside these great metropolitan centres?

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, some weeks ago steps were taken to have letters written to the mayor or reeve of every centre in Canada with a population of 1,500 or over, pointing out the availability of mortgage funds by direct loan from Central Mortgage and Housing Corporation. With these letters were sent various pamphlets. In addition, similar information was sent to the newspapers in all these smaller centres in Canada. The results to date have been very satisfactory. A far larger amount of money is being lent in the centres under 55,000 than was the case previously. I heartily agree with the hon. member that this is a highly desirable change.

Mr. Garland: I should like to ask a supplementary question. Do I understand that this sort of campaign is directed to all the centres under 55,000 in population?

Mr. Green: To all centres from 1,500 up to 55,000. One of the suggestions contained in the letter was that officials of Central Mortgage and Housing Corporation would be glad to go to any particular centre and explain what type of assistance could be given. Advantage has been taken of this offer in a number of cases.

INQUIRY FOR RETURN

BEAM STATION ROAD, TERRACE AIRPORT, B.C.

On the orders of the day:

Mr. Frank Howard (Skeena): I should like to direct a question to the Minister of Transport. On July 7 a motion was passed calling for the production of certain papers with regard to the beam station road. I wonder whether the minister could indicate what progress is being made with respect to the preparation of those papers?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I will check up on the matter and give the hon. member an answer on Monday.

BUSINESS OF THE HOUSE

REQUEST FOR ANSWERS TO QUESTIONS ON ORDER PAPER

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I wonder if I could ask the Minister of Northern Affairs and National Resources whether he is in a position to comply with the request I made on Wednesday that the answers should be given today to the two starred questions standing in my name on the order paper, because of the fact that his estimates are coming up for consideration later this day.

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, I have not yet in my possession the information requested.

Mr. Pickersgill: May I ask the minister whether he has noted that it is purely factual information that is asked for, and that the questions have been on the order paper for 19 days?

SUPPLY

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

DEPARTMENT OF THE SECRETARY OF STATE

Public printing and stationery—

321. Departmental administration, $612,876.

Mr. Fisher: There are several questions I want to ask in connection with this particular department, Mr. Chairman. There was a sessional paper No. 133(a) filed last session in answer to some questions I asked as to whether there were any orders for outside printing placed by the queen's printer in that year and, if so, what was the value of these orders in each of the provinces?

This type of information is old hat to some of the members who have been around the house for a long time, but I think it might be worth pointing out that Ontario obtained $2,849,987 in outside contracts, and that Quebec obtained $1,452,562. After that the closest province was Manitoba, with $55,000 worth of contracts. I was wondering if the minister could tell us what attempts the Department of Public Printing and Stationery is making to spread these outside printing contracts over the area beyond the Ottawa-Montreal-Toronto region, where they seem to be concentrated at the present time, and if he would outline any difficulties in the way of letting some of these contracts out to the more distant parts of the country.

Mr. Courtemanche: The main difficulty is due to the distances which would be involved. I would also point out that a city such as Toronto or Montreal is better equipped to do this work than are some other places.

Mr. Martin (Essex East): I would not wish to let that pass without comment. This problem has interested me from time to time, and this interest dates back to a period before the present Secretary of State took office. I think it will be found that there are many printing establishments outside the cities of Montreal and Toronto which are equipped to do much of the work now done by the queen's printer. In my community in Windsor there are a number of establishments which are capable of doing this work, and I know that from time to time they have sought to impress this opinion on the proper authority. I strongly support the implications of what has been said by the hon. member for Port Arthur.

Mr. Fisher: I cannot accept that explanation, Mr. Chairman. I have discovered that in some of the smaller towns, in my own constituency, there are a number of printers who turn out weekly newspapers and take on jobbing work, and they feel that they are quite capable of undertaking some of these orders, though they find it difficult to discover just what work may be available and how it can be secured. We know there are a great number of printing plants in Canada, and that the minister could not canvass all of them, but we do feel it is important that the opportunities should be more widely extended.

We often hear from people in other provinces that Ontario and Quebec get far more than their share in most matters, and the figures I have just quoted indicate that after these two provinces the next on the list is Manitoba, with $55,000 worth of contracts. Then jump back all the way to Quebec, with $1,452,562. It would seem as though this particular department in its thinking is dominated by Ontario and Quebec. I may be

an Ontario member, but with all due respect, I think some opportunity should be given to areas beyond Ontario and Quebec.

I refuse to believe, for example, that in Vancouver, Edmonton, Regina and similar cities there are not establishments which have almost every facility which is needed to do this kind of printing, though I am aware that some of the modern presses equipped with the latest improvements may tend to concentrate in the eastern cities. However, much of the government's printing is very simple and involves the production of forms.

One of the other arguments I have heard advanced to explain why the contracts are so concentrated is that it is done on account of the low cost. That again bothers me, because it seems to me that certain parts of the country, for example Port Arthur, have mills turning out fine paper which is used right across Canada for printing. There are other paper establishments on the west coast turning out this quality of paper, so from this point of view of material availability there is no reason why printers in such places could not compete for some of this work if given an opportunity.

I suggest to the minister that we would appreciate it very much if when his estimates come before the committee next year we could see these orders which are now concentrated in Ontario and Quebec spread out into other provinces. Action by the department along these lines would be reflected in help being given to small printers in areas where such help is really needed.

One other point I wanted to make in connection with the operations of the queen's printer concerns the number of orders placed without competitive bids. This is a sheet running to 19 pages, and these lines are not double spaced. These pages list all the orders that were placed without competitive bids being sought between April 1, 1956 and March 31, 1957. We can appreciate that the queen's printer must do quite a bit of this, but the spectre that always arises is, how are these orders placed? I mean, what are the rules?

In leafing through the list I came to several conclusions. Perhaps the most important one is that again too many of these orders seem to be placed right in the Ottawa, Hull and Montreal area, and not enough in other places farther away. One is able to recognize that there might be a slight difference in cost, but I cannot see that it would be very great, especially when such orders are frequently for standardized products; and it seems to me the only extra cost would really be in writing letters to some of these firms.

[Mr. Fisher.]

I should like to know what the queen's printer is doing to spread more widely across the country these orders that are not placed by competitive bids. I should also like to know something of the ideas the queen's printer has in placing these orders. We would like to be assured that there is no question of patronage involved in this particular portion of the estimates of the department.

Mr. Courtemanche: Mr. Chairman, I want to thank the hon. member for Port Arthur for the kind remarks he has made. I have taken his remarks into consideration, and will strongly recommend to the queen's printer that these contracts be more widely spread across the country outside the two central provinces, and will try to correct the situation in the future.

Mr. Fisher: Mr. Chairman, I should like some information arising from some previous questions I asked relating to the daily check list published by the Department of Public Printing and Stationery. I had asked what was the value of free distributions in the last financial year with respect to full depository privileges and selections depository privileges for various libraries. I was told that the full value was $35,000. This seems unbelievably small to me and I should like an explanation of it. Is that only for a partial year? It does not make sense because an institution like Queen's University has had full depository privileges for years despite the fact that the check list may have come out recently. I should like some information on that point.

Mr. Courtemanche: I am informed that the amount of $35,000 was for the whole year.

Mr. Fisher: If $35,000 covers the cost of all government publications sent to institutions over the course of a full year I should like to know how the figure is arrived at, because it is fantastically low in the light of the amount of publishing the government does. If you have 469 institutions which have selection privileges and approximately 32 institutions which have full depository rights, over a year they are accepting a tremendous number of government publications. If the value is only $35,000 I want to know something more about how the value is arrived at.

Mr. Courtemanche: Except for 34 libraries which automatically receive all publications, the other institutions or persons authorized by law to receive them must make a special request for the publications.

Mr. Fisher: Let me get this point clear. Take Queen's University, for example. It has full depository privileges. There are approximately 32 institutions in the same

position. If the total value is $35,000, then according to this Queen's University would receive roughly a little over $1,000 worth of government publications a year. Even according to the value stamped on government publications in the government catalogue that is an incredibly low figure. Just think of every publication from the dominion bureau of statistics. They have a value of anywhere from 10 cents to $2, and that library will receive all of them. We all know the amount of publishing the bureau does. My point is that this figure is extraordinarily low, and I should like a fuller explanation as to how it is arrived at.

Mr. Courtemanche: The total amount represents all the publications that are distributed free but charged to our department at cost. That is the only part of the question I can answer.

Mr. Fisher: Have some charges made to government departments for printing work let to outside contractors been challenged by the departments concerned, and has the queen's printer reduced the charge to the said departments and covered the loss by charges to other departments or by drawing on the revolving fund authorized by parliament? I have specific reference to complaints from the Post Office Department in the past few years.

Mr. Courtemanche: May I ask the hon. member to repeat his question?

Mr. Fisher: Have some charges made to government departments for printing work let to outside contractors been challenged by the departments concerned, and has the queen's printer reduced the charge to the said departments and covered the loss by charges to other departments or by drawing on the revolving fund authorized by parliament? I have specific reference to complaints from the Post Office Department in the past few years.

Mr. Courtemanche: The answer is no.

Mr. Winch: The answer is no? Mr. Chairman, has the minister at no time read the Auditor General's report or his statements to the effect that this has occurred with particular reference to the Post Office Department; that in very recent years the post office was given a charge on something that was let by the queen's printer on a contract and they challenged that, and the queen's printer according not only to the Auditor General's report but to other information did reduce the price below that which the queen's printer actually paid the outside contractor? Surely the minister would like to reconsider his answer when he said no.

Mr. Herridge: Neophyte in the woodpile.

Mr. Peters: Fire the officials. Poor answer.

Mr. Courtemanche: Can the hon. member tell me the amount involved? I am informed that it was a case that happened two years ago, and my officials do not remember the details exactly. If the hon. member can refresh my memory I may be able to answer.

Mr. Winch: No, I cannot do that on the exact amount involved. I did not expect this question nor the answer of the minister but certainly, sir, the evidence in the report and statement of the Auditor General shows that he is very much disturbed over this practice of the queen's printer.

Mr. Courtemanche: I am informed that it is not the practice. It may have happened two years ago, but it has not happened this year.

Mr. Fisher: My next question is in the same general area and has to do with the reply I received to another question I placed on the order paper. The question reads:

What criteria does the queen's printer apply in deciding on the selling price of a publication sponsored by a department?

The answer I received was:

Cost of printing.

Now, this is rather an oversimplification, and I want to point up the oversimplification by reading the answers I received to two other questions. The other questions were:

What arrangements are made with departments for rebates or alteration of price charged by the queen's printer where publications have a larger sale than anticipated through the queen's printer?

The answer to that question was "None".

My next question was:

If a publication does not sell up to its printing, how is this failure reflected in charges to the department concerned?

The whole problem here relates to the cost charged to government departments for the printing done by the queen's printer. The people who brought these complaints to me I think have very good reasons for feeling that they do not get the kind of service they want from the queen's printer, but that is not the point at issue here. As far as I am concerned I do not like the set-up of the charges; they are very fixed and definite. Some people may say that it does not matter, it is all part of the government whether it is a department or the queen's printer; but I think a department should know much more accurately than that the exact cost of what is printed for it by the queen's printer. If a department comes up with a best seller or something that has a very wide sale or distribution it should be reflected somehow to the department's credit. There is no reason at all why it cannot be.

The Department of Northern Affairs and National Resources has put out an occasional work that has had a good sale, and I hope in future it will put out more that will have an excellent sale. I cannot see why this particular aspect should not redound to the credit of the department; instead of that we get just a flat answer, "Cost of printing". Costs vary tremendously, obviously, according to the number of copies of the particular edition, the type of lay-out, the pictures, the whole set-up and quality of the magazine or publication, as the case may be. Just the flat statement, "Cost of printing" does not have any regard at all for the aspects I have mentioned. It suggests that within the queen's printer's department there is a brittleness and an inability really to give cost figures that are in relation to the volume of printing and the amount of sales.

In this particular regard I think the queen's printer should make very strenuous efforts to provide departments with some sort of scale of charges so that if they produce something that sells well it is reflected in the charges to them. I would appreciate hearing a comment from the minister in that regard.

Mr. Courtemanche: Details as to cost are given to each department only on request.

Mr. Winch: May I ask one question to clarify an answer given by the minister a few moments ago. Do I understand the minister's reply to mean that irrespective of what may have happened in the past, if in the past year any department sent a request for printing to the queen's printer and this government agency was not able to fill it, because of being overburdened with work or for other reasons, and let that work out to an outside firm somewhere in Canada and then they billed the department concerned for the cost to the queen's printer; and that if an objection was received from the department to the price on the basis that it could have been done cheaper by the queen's printer himself, no adjustment was made with the department at a loss to the queen's printer? Is that the definite policy now, and how long has that been in effect?

Mr. Courtemanche: There is no change in policy. The policy is to charge the cost of publications, whether printed by the queen's printer or outside.

Mr. Winch: Then, Mr. Chairman, we come to a very important point. The minister has now said that there has been no change in policy. The report of the Auditor General was most critical of one phase of the work of the queen's printer. I refer now to the Post Office Department. Work was done for that department by contract let by the queen's printer. The Post Office Department queried that cost and an adjustment was made by the queen's printer at a price that was lower than the cost to the queen's printer on that contract that was let outside.

In view of the minister's statement now that there has been no change in policy, are we to understand that it is still the policy of the minister's department that on challenge they will reduce their own actual cost and recover the difference in some other field of endeavour?

Mr. Courtemanche: I am informed that it was an isolated case that happened two years ago, and since that time it has not happened again.

(Translation):

Mr. Caron (Hull): Can the Secretary of State tell us the total number of publications issued for sale by the queen's printer during the year 1957-58?

Mr. Courtemanche: Unfortunately, Mr. Chairman, we do not have this information at hand just now. However, we can supply it a little later.

Mr. Caron: Strange that the total number of publications issued by the queen's printer's department cannot be supplied. Are most of those publications charged to the various departments?

Mr. Courtemanche: Yes, Mr. Chairman.

Mr. Caron: Are there any which are not charged to various departments?

Mr. Courtemanche: No, Mr. Chairman.

Mr. Caron: Is the number of copies to be printed determined by the departments?

Mr. Courtemanche: Yes.

Mr. Caron: Does the bureau print, in all cases, the exact quantities requested by departments, or can the queen's printer decide on his own to print larger runs?

Mr. Courtemanche: Mr. Chairman, the queen's printer may print extra copies for sale to the public.

Mr. Caron: Does he often do so?

Mr. Courtemanche: In most cases he does, Mr. Chairman.

Mr. Caron: Now, what were the queen's printer's receipts in 1957-58 on the sale of these publications?

Mr. Courtemanche: About $750,000.

Mr. Caron: "About" $750,000! We are given only approximate figures! The Auditor General was right when he said that there should be changes at the printing bureau with regard to publication.

Mr. Courtemanche: The exact figure is $760,595, Mr. Chairman.

Mr. Caron: And now, Mr. Chairman, could the hon. Secretary of State tell us what amount has been recovered by the queen's printer on waste paper sold to various firms like the Florence Paper Company Limited, and others of that kind?

Mr. Courtemanche: Mr. Chairman, waste paper is not sold by the printing bureau, but by the Crown Assets Corporation.

Mr. Caron: At all times?

Mr. Courtemanche: Yes, Mr. Chairman, in all cases.

Mr. Caron: Were there large quantities of unsold publications that had to be disposed of as waste paper in 1957-58?

Mr. Courtemanche: There were none in 1957-58, Mr. Chairman.

Mr. Caron: Were there any in 1956-57?

Mr. Courtemanche: Nor were there any in 1956-57, Mr. Chairman.

(Text):

Mr. Herridge: Mr. Chairman, I had intended to make rather extended remarks on these estimates, but as the public accounts committee is sitting and we have a most able colleague on that committee the many questions I would have asked on this subject will be asked by my colleague there. I am quite sure that when they are answered the result will be about as bad as it was in the case of the questions asked in that committee with respect to the building of the printing bureau.

However, I wish to support the hon. member for Hull in the remarks he made the day before yesterday, I believe, complaining about the situation in the printing bureau. Prior to his remarks and since I have had telephone calls from employees of the bureau saying that they heartily support what their member says, that conditions are most unsatisfactory, that the terms of employment are unsatisfactory, that the method of examination is unsatisfactory and the method of promotion is unsatisfactory.

I would judge from what I have been told by people who have visited me and in telephone calls since the speech by the hon. member, who has received a great deal of support, that apparently there is very low morale and a great deal of dissatisfaction in the printing bureau, and I hope this question will be thoroughly explored in the public accounts committee, as well as working conditions in the building at the present time.

I want to confine my remarks this morning to one question. Some time ago I asked the Secretary of State a question to this effect: Did he know of any senior civil servant who had performed very little service for many years and had been on full salary? I will say frankly that one of the persons I had in mind was the deputy queen's printer. I asked that question on the basis of reliable information from persons very closely associated with the printing bureau. However, some days later the Secretary of State answered that he had not been able to discover any such condition. I want to ask him this question. Did the former deputy queen's printer resign a few days before the minister answered my question in the house?

Mr. Courtemanche: I am informed that he was sick for the past two years, and was obliged to leave because of illness.

Mr. Herridge: Would the minister mind repeating that?

Mr. Courtemanche: I am informed that he resigned because of illness. He was sick for the past two years. He did not resign; he was transferred.

Mr. Herridge: To what department was he transferred ?

Mr. Courtemanche: He was transferred to the civil service commission.

Mr. Herridge: He is now a paid civil servant employed with the civil service commission.

Mr. Courtemanche: That is right.

Mr. Herridge: Is the minister quite sure that this sickness had only extended over a period of two years?

Mr. Courtemanche: Yes.

Mr. Herridge: And before that he performed his full duties? He attended his office regularly?

Mr. Courtemanche: Yes.

Mr. Winch: Be careful about your answer.

Mr. Caron: Was not his sickness due to overwork imposed upon him by the queen's printer?

(Translation):

Mr. Courtemanche: I do not feel qualified to answer that question.

(Text):

Mr. Caron: Can the queen's printer not answer that through the minister?

Mr. Courtemanche: My answer is the same.

Mr. Pickersgill: Mr. Chairman, before this subject is departed from, as a former minister who was in charge of the bureau at the time this gentleman was performing his functions I should like to say that I never encountered anywhere in the public service a more devoted or hard working person than this gentleman.

Mr. Herridge: I quite appreciate the comments of the former minister. I want to ask the Secretary of State a further question. Is the same treatment that was accorded the deputy queen's printer accorded all civil servants? Are they permitted to have two years' absence on full pay because of sickness?

Mr. Courtemanche: He was away from the office for about nine months. When he came back he was unable to fulfil his duties, and that is why he was transferred.

Mr. Caron: What was his salary as assistant to the Queen's printer?

Mr. Courtemanche: It was $12,000 a year.

Mr. Caron: What is his present salary?

The Deputy Chairman: I think that question is out of the realm of the Secretary of State.

Mr. Caron: I want to show that he never asked for the transfer but that the transfer was arranged by the queen's printer. He was not transferred in accordance with his wishes, and the queen's printer must know what has happened to that man after he left.

Mr. Winch: Will the minister explain whether it was just by a strange coincidence that after two years of illness—and we will not go into that, but I think it is going to be investigated—within a number of days after the question was asked by the hon. member for Kootenay West the transfer was arranged? Then the minister gets up and says he cannot find anyone in the position set out by the member for Kootenay West. Will the minister explain this most strange coincidence?

Mr. Courtemanche: The question was asked one month ago, and I can assure the hon. member that the day I was appointed I was advised of the illness of the deputy queen's printer.

Mr. Winch: My question was, when was the transfer arranged? Was it not after the question was asked, so as to enable the minister to give an answer that would not be embarrassing?

Mr. Courtemanche: This transfer had been under consideration for the previous four months.

Mr. Argue: On what date was it made?

Mr. Courtemanche: It was made on August 1.

Mr. Herridge: That is just the point. My next question is, do the other employees of the printing plant receive the same consideration from the queen's printer with respect to leave of absence on full pay, in this case $12,000 a year, that has been received by the deputy queen's printer? Is this a common practice? Let us have fair play for everybody, no matter how humble they are.

Mr. Courtemanche: His leave of absence was all because of illness.

Mr. Herridge: My point is, do other employees of the printing plant receive exactly the same consideration in connection with leave of absence for illness?

Mr. Courtemanche: Yes, as does any civil servant.

Mr. Winch: Would the minister be prepared to make available the record of leave of absence for illness of this same individual for the last five years, the record of illness or the record of being away from the job during the past five years?

Mr. Courtemanche: Yes, it will be tabled.

Mr. Caron: After killing himself on the job I am told that the man who was transferred has had his salary cut to half what it was when he was assistant to the queen's printer?

Mr. Courtemanche: I have no knowledge of that.

Mr. Winch: If the man was too ill to carry on his responsibilities, what was the basis for his transfer to another position; illness?

Mr. Courtemanche: He was transferred to a job that he was able to do because he was no longer able to carry on the work of assistant queen's printer.

Mr. Caron: It may help the minister if I tell him that the man is very happy since he has been away from the printing bureau.

Mr. Fisher: I wonder if the minister could provide us with the proportion of printing, both inside and outside, by the queen's printer that is in English and in French. I want a ratio such as 70 to 30 or 65 to 35.

Mr. Courtemanche: We have no information about the amount spent for French or English publications.

Mr. Fisher: My question is not directed to the amount in terms of money, it is the amount in terms of volume or lineage. Surely the queen's printer has some idea of the ratio of printing done in English and printing done in French.

Mr. Courtemanche: They do not have any record because some printing is in English and some is in French and some is done in bilingual establishments.

Mr. Fisher: Has it been the case within the last year or two that orders for printing in English, that is publications printed in English, were placed in printing shops in Quebec, what you might call French printing shops? In other words, has the queen's printer had French printers printing English publications?

Mr. Courtemanche: There is no discrimination. They use the printers able to do the jobs, that is all.

Mr. Fisher: It seems to me there is an important point here. I should like to put it this way. As I said before, you have $2,800,000 worth of outside printing in Ontario and $1,452,000 in contracts going to Quebec, but almost nothing in the other provinces. I should like to know why more of the printing of publications in English cannot be done in the other provinces. We realize that bilingual printers in Quebec may have some advantage in connection with French publications or publications that contain both French and English within the one cover, but it seems to me in all fairness that if the publication is purely and simply an English one, then that contract should go to English-speaking Canada. And if it is purely and simply a French publication, then it should go to Quebec. I know the line cannot be drawn too tightly, but I suggest the minister consider this particular point.

Mr. Courtemanche: I answered this question a few minutes ago, and as I have said, in the future we will try to spread the printing of publications outside of the main provinces.

Mr. Chevrier: I cannot allow that last statement to go by without some comment. I wonder if the hon. member for Port Arthur realizes just how serious the statement is that he has made. He is reiterating in effect what has been said so often, that those who reside in the province of Quebec should be relegated to that province and no place else. I know that is not his intention, but when he makes the statement that English publications should be printed in English Canada and French publications in the province of Quebec, I think that has pretty serious implications.

After all, there are in the province of Quebec printing establishments that could print pamphlets and the like in both languages. Some of these firms are composed of French speaking people who can, with competence and efficiency, print publications in the English language as well as in the French language. I am sure the hon. member —and I want to say this in fairness to him —did not have that intention in his mind. I certainly could not sit here and allow that statement to go by without challenging it in some form. I am sure it is not the intention of the printing bureau or of the minister that printing should be allocated in that way. There are in my opinion in the province of Quebec, as well as in the province of Ontario certain establishments such as *Le Droit*—

Mr. Martin (Essex East): And *La Feuille d'Érable* in Windsor and Tecumseh.

Mr. Chevrier: —and *La Feuille d'Érable* in Windsor and many others which could do equally good jobs in the English language and in the French language.

Mr. Bourque: As a retired printer, having spent my entire life in the printing industry and having published some of the best, the handsomest and the most deluxe books in Canada, I say this hon. gentleman is entirely wrong. In the province of Quebec we print English, French, and any other language as well as it is done in any other province in Canada or any other place on the American continent.

Mr. Fisher: I made no reflection on the quality of printing in Quebec at all. One of the pleasing things about Quebec is that they have managed not only to print quite a number of private publications but also have managed to sell enough of them to pay for it. I am quite complimentary in that regard. If I indicated that I thought French printing should be confined just to Quebec and English printing just to the rest of Canada, I made a mistake in my expression of opinion. What I meant was this; let us put it this way. If you have a document that is appearing only in English, naturally I feel that you should go to an English printer, if you can define an English speaking establishment; and if you have a wholly French document, then you should go to a French printer.

Mr. Courtemanche: As I said a few moments ago, we ask for tenders, whether in French or English, if they are able to do that.

Mr. Regnier: I should like to tell the hon. member for Port Arthur that in St. Boniface we can print in French, and across the river in Winnipeg we can print in English, Ukrainian, German and any other language you want.

Mr. Fisher: I should like to point out that if the minister is interested in seeing printing done in St. Boniface, some arrangement might be made with the queen's printer by the Secretary of State. Obviously from these figures not much printing is getting far away from Ontario and Quebec.

The Deputy Chairman: Shall vote 321 carry?

Mr. Bourque: I think that what the hon. gentleman who spoke previously has said is entirely wrong. When I was in the printing trade—I retired in 1952—in the establishment I was with, and it was a French establishment, more than 75 per cent of our staff was English. I know of other places, English establishments, that have French staff. For instance, I am thinking of the *Gazette* in Montreal, one of the very best printing plants in Canada or on the American continent. I might say that I am sure their staff must be about 50 per cent to 60 per cent French in the printing department.

Item agreed to.

326. Printing and binding the annual statutes, $35,000.

Mr. Fisher: I want to ask some questions in connection with the annual statutes. In addition to the full depository privileges accorded to libraries, would they receive these statutes automatically?

Mr. Courtemanche: Distribution of the statutes is made only by order in council after a list has been established.

Mr. Fisher: In others words, a library that is one of the approximately 400 that have full selection privileges or full depository privileges does not have the right to the annual statutes. Is that correct?

Mr. Courtemanche: Not as such, but if it is on the list established by decision of the cabinet, it is allowed to obtain a copy of the statutes.

Mr. Fisher: What list is this?

Mr. Courtemanche: I am told that the officials are ready to send the hon. member a copy of the order in council. The situation is as follows. Free distribution of the revised and annual statutes of Canada is regulated by the Publication of Statutes Act, chapter 230, R.S.C. 1952. Regulations governing the free distribution to authorized categories are contained in order in council P.C. 1953-609, dated April 27, 1953, as amended by P.C. 1953-1661, dated October 28, 1953, which also provides that the recipients may automatically receive a similar number of semi-monthly editions of the *Canada Gazette*, part II, printed in the same language.

Mr. Fisher: My point in connection with this matter is that the revised statutes plus the annual statutes to bring them up to date cost a considerable amount of money. There are a number of libraries—for example, I know of one that has been fairly recently established—that have selection and depository privileges now, but for such retroactive purchases they are up against quite a bill. I want to know the difficulties that will be in the way of such an institution acquiring these back files gratis in the way they acquire current publications.

Mr. Courtemanche: That would have to be done by decision of the treasury board in every case.

Mr. Fisher: On each individual case?

Mr. Courtemanche: Yes.

The Deputy Chairman: Shall vote 326 carry?

Mr. Pickersgill: I probably should have asked this question on vote 624, but perhaps the minister would not object to my asking it now. I should like to know what revenue has been received from the sale of publications in the most recent period.

Mr. Courtemanche: Last year the amount was $853,171.95 less $93,462.02, which was for advertising.

Item agreed to.

LEGISLATION

The Speaker of the Senate—

181. Allowance in lieu of residence, $3,000.

The Deputy Chairman: This item may be found at page 37 of the blue book, with the details at page 266.

Mr. Chevrier: I do not know whether I am in order at this stage, but I think before I proceed I should say that it is a pleasure to have the Speaker of the house in a position where we can perhaps speak to him with more authority than we can when he is in the chair. I am sure none of us would wish to do other than treat him with the same equity that he metes out to us when he is in the chair, and my understanding is that as a rule the estimates of the Speaker do not take a long time to consider. But there are a number of points I should like to raise, if I may.

Mr. Martin (Essex East): As long as they are not points of order.

Mr. Chevrier: One has to do with a matter which came up for discussion in the house some little time ago, and that was the admission by the Prime Minister that he had installed a loudspeaker system in his office. When I say he made an admission, I should add that it was mentioned first in this chamber by another hon. member. The question I should like to ask is whether this matter had been discussed with Your Honour. Perhaps I could reserve the second question until I have received a reply.

Mr. Speaker: Mr. Chairman, perhaps I should answer that question by indicating how the loudspeaker system in the House of Commons originated and how it is operated. I think hon. members will recall, and certainly the hon. member for Laurier will recall, that in 1950 or 1951 a committee of the house was appointed under the chairmanship of Mr. Speaker Macdonald to deal with the question of sound amplification in the chamber, which had been under discussion for some time, and the committee reported to the effect that a system similar to that in use in the United Kingdom parliament should be adopted.

Following the authority given in that way by the house, the installation and operation of the equipment was undertaken by the Department of Public Works and has been carried on by that department ever since. So there is nothing in the votes now before us which relates to this system. Obviously, however, it is a matter which is under the direction and control of the House of Commons. I am not sure what was the question which the hon. member asked me—

Mr. Chevrier: The question was, did the Prime Minister discuss this with Your Honour at all?

Mr. Speaker: No, the Prime Minister did not discuss it with me.

Mr. Chevrier: Perhaps I should make the position a little clearer. I am not complaining about what has been done in itself. I think the duties of the Prime Minister and his obligations and responsibilities to the country are such that there are decisions which perhaps he has a right to take in certain circumstances, and I am not complaining of this decision. What I am complaining about is the fact that it was not first discussed in the house, having regard particularly to another point; that this is a matter which concerns parliament, not the privy council or the Prime Minister. His Honour the Speaker has said it was not discussed with him.

The next question is this. Does the Speaker, in view of the responsibilities he holds, and in view of his position, think this matter should have been discussed with him before it was done and announced in the house?

Mr. Speaker: I do not know that I should express an opinion of the kind the hon. member invites me to express. I agree that the control of the amplification system is a matter for the house.

Mr. Chevrier: I know that the actual expenditure comes under the Department of Public Works, but this goes far beyond that. It is matter affecting the rights of members of parliament, because if this were pursued to an extreme, I suppose every hon. member would have the right to demand the same privilege, which would be ridiculous, I agree at once.

The point I am trying to make is that while the expenditure and control and installation of the public address system are matters for the Department of Public Works, surely the other aspect, whether a member should take it upon himself to make this extension, either rightfully or otherwise—I am not discussing that in itself—is a matter with regard to which the Speaker should be consulted. Surely the Speaker, who is the first commoner, should be advised, and he should be the one to announce it to the house rather than the person—rather than the Prime Minister—who did so on this occasion. What I am complaining about is not the decision itself, not the principle, but the fact that we were not told about this prior to it being done.

Mr. Herridge: I rise to support the protest which has been made by the hon. member for Laurier and his approach to the situation and his expression of his understanding of what should have been the proper procedure.

I understand that when the Prime Minister was replying to a question I raised in the house on this same subject some weeks ago, he mentioned that Prime Minister Macmillan in the United Kingdom House of Commons had a similar device. I presume he got the idea when Prime Minister Macmillan was visiting Canada. However, I understand the matter was raised in the British House of Commons and that it was the cause of some jocular comment, as is very usual in the British House of Commons, possibly because they have a greater sense of humour there than some of the rather stodgy people who inhabit this chamber.

Be that as it may, I think the hon. member for Laurier has established a sound proposition, and that the Prime Minister should have brought this matter to the attention of the house so that objections might have been raised or assent given.

Mr. Martin (Essex East): I should like to say a word or two on this matter. As the hon. member for Laurier has mentioned, all of us fully appreciate the heavy responsibilities which rest on the shoulders of whoever is charged with heading the government of our country. We all sympathize with the present Prime Minister, who is faced with the very heavy tasks attached to his office. And I am sure that every one of us, wherever we sit, would wish to extend to him any facility which would permit him to discharge those responsibilities in the easiest possible manner.

But I think that would have to be conditioned by the rights which are attached not to individual members of parliament alone, but to parliament as a whole; rights which have their roots in rich tradition and history; rights which have been respected over the years and which are recognized by all who subscribe to our concept of parliamentary government. It should be noted that the effectiveness of parliament may be determined by adherence to practices and privileges which can come only from parliament.

The hon. member for Laurier asked the Speaker whether or not he was consulted by the Prime Minister before the latter decided on the employment of the particular device about which comment is now made. The Speaker in reply said he had not been consulted by the Prime Minister, that there had been no communication between himself and the Prime Minister. I believe, however, that the question goes much further than a mere consultation between the Speaker and the Prime Minister, and certainly further than a mere declaration by the Speaker of what might have been decided upon assuming that there had been consultation.

I would think if the Prime Minister had consulted the Speaker it would be a matter of obligation for the Speaker to advise the house, and in some form to obtain the permission of the house. We all have the greatest confidence in His Honour, but I am sure the Speaker would not regard as his prerogative a decision of that kind. It is a decision that would have to be made by parliament itself.

The hon. member for Kootenay West was quite correct. When Her Majesty's Prime Minister in the United Kingdom decided to employ an electronic device to enable him to be in more continuous contact with the House of Commons the matter was brought to the attention of the house prior to the device being installed. Hon. members who are familiar with the parliament at Westminster will recall that in the dining room and in at least one of the commons rooms

hon. members are enabled to meet with constituents and visitors while out of the chamber, particularly at the dinner hour, and through a ticker tape device or similar mechanism that is employed there they have an opportunity of knowing what is being said at that moment by a speaker in the house.

There is a debate to be found in the British *Hansard* on that very subject. A committee had recommended that this technique be employed, but it was decided upon only as the result of a common agreement entered into by the members of the House of Commons. We should not be misunderstood, then, in our comments this morning. No one has complained about the desire on the part of the Prime Minister to keep in close contact with this house through the device employed; but the Prime Minister, who has in the past been so jealous of the rights of parliament, will be the first to recognize that in so far as the rights of parliament are concerned, Prime Minister or no Prime Minister, his rights are not any greater than those of the most recent acquisition to the membership of this house. Every hon. member of parliament standing before Mr. Speaker has the same privileges and the same obligations.

I am sure the Prime Minister would recognize that because, as I say, so much of his time in the past in this house and outside has been spent in reminding us and the nation of the richness of our heritage symbolized by this form of parliamentary government. In his zeal to preserve the traditions and liberties of this house he would be the first, I know, to condemn with the rest of us any change in practice that would in any way destroy those traditions and privileges.

Mr. Speaker will recall that when in the throne speech debate I complimented him, as other hon. members had done, on his election to the speakership, I mentioned the observation of Mr. Harold Nicholson who had said the Speaker was, after all, the custodian of the rights of parliament and of the rights of minorities in parliament. I would suggest to the Speaker that in the prudent way in which he does these things he will want to give consideration as to how this particular matter can be brought back into a proper setting in accordance with our traditions and rights. If something is not done what is to prevent—I do not say through the Prime Minister but through some other person—by the electronic devices which in this modern day and age we have decided to set up, finding ourselves, notwithstanding a decision of parliament, in a position where our

words might some day be beamed across the wires and used by radio stations, just as is the case in the province of Saskatchewan where it is done by permission. In the instance I am postulating one can conceive of all sorts of uses that might be made of electronic devices or of some indirect method of broadcasting the debates of this house because of the precedent that has already been established by the Prime Minister.

Are the deliberations of the committees of this house broadcast into the office of the Prime Minister? I do not know. If they are that would be likewise a matter that would have to be considered by Mr. Speaker, and certainly by hon. members of those committees and by the house.

In raising this matter this morning in the responsible and dignified way he did the hon. member for Laurier has, I believe, rendered a service to parliament, and has given us an opportunity of reminding ourselves once again of the traditions and privileges of this house. He has underlined in a way the appreciation we all have for civil liberties; of those things that are protected and guaranteed in a bill of rights and are inherent in law not codified. A bill of rights and all the concepts that accompany it is important, but it is important, too, that those who sponsor these things and advocate them should not themselves be among those who are counted as the first violators of what a bill of rights is supposed to protect.

I speak in this debate not as an older member but as one who has been in the house for a long time and who speaks of these things, I think, with some feeling and I should also like to think with some appreciation. I want to express my gratitude as a member of this house, as a House of Commons man who is jealous of its traditions and who wants to see them preserved, to the hon. member for Laurier for raising this matter in the way he did today, and I commend his words and those of the hon. member for Kootenay West and my more modest contribution to His Honour the Speaker.

Mr. Argue: Mr. Chairman, I can see no real argument against the principle that when action of this kind is being contemplated the house itself should be asked to make the decision. However, in fairness to the Prime Minister I want to say that although he might have had this device installed in his office and not in the offices of any of his colleagues or the offices of the opposition personnel, he did not hesitate to tell me very soon after it had been installed that he did have such a loudspeaker, and he invited me to go to his office to hear it in operation, which I did. I might say there was quite a large delegation in his office when we arrived, so I did not stay for any length of time, but it seemed to be in good working order, and there were controls on the device which made it possible to raise and lower the level, or shut it off.

If permission had been granted by the house, and if the device were in the Prime Minister's office because of that permission having been granted, I for one would feel that even that might have been a mistake. I realize how very busy the Prime Minister is, and no doubt in the future the calls on his time will be greater than they have been in the past. It will be more difficult for him to spend long hours in the House of Commons in the future, but I would think that for the best carrying out of the functions of his office there is no substitute for attendance in the House of Commons itself.

So far as the deliberations of this house are concerned, the opinions of the government members as well as the opinions of the opposition members and the sense of the atmosphere itself are necessary to the proper conducting of the affairs of government; and the members of the government, and the Prime Minister in particular, should be here.

I do not think anyone believes that when the Prime Minister is in his office he has this device on all the time. I would not think so. I think it would be very distracting, and that it would be almost impossible for him to carry on his other work. Certainly when he has delegations coming into his office the loudspeaker in his office would have to be closed off, so that in practical effect what is happening is that the Prime Minister directly hears very little of what goes on in this chamber.

I am wondering whether someone else has been detailed continually to listen to what is going on in this house so that if something breaks, something that would appear to require the Prime Minister's attention in the house, he is informed that this matter is being debated in the house.

Mr. Dinsdale: The whip can do that.

Mr. Argue: I think that is the job of the whip. I think it is the job the whip should be doing, and I think that is the proper way it should be done.

Then, as the hon. member for Essex East has said, this type of system lends itself to additional or expanding use, and it would be a very simple step to record from that loudspeaker the words used in this house so that if some very important contribution was being made to a debate and the Prime Minister was unable, because of very important other duties, to listen to the loudspeaker at

that moment, then the important excerpts of the debate might be played back for his benefit and, with this knowledge, he could come into the house and take part in the debate.

I have very sincere feelings on this matter. I have spent many years in the House of Commons, all of the years when the former prime minister, Right Hon. Louis St. Laurent, was occupying that position. Members who were in the house at that time will know that the former prime minister was a faithful attendant and spent a large part of his time in this house.

I often asked myself the question; how can the prime minister take so much time to be in his place in the house and spend many hours here? Evening after evening the former prime minister, if he was not in his own seat in this house was nevertheless in the chamber. If one of his ministers was conducting departmental matters the former prime minister would be probably in one of the back rows listening very carefully to what was going on.

I think those many long hours that he spent in this house were not a waste of time. They enabled him to conduct better the position of prime minister. I hope our Prime Minister of today will read the remarks that have been made in this debate, if he is not listening to them, and will give them a great deal of attention. I should hope that he would consider whether or not such a device was in fact helpful to the conduct of his office as Prime Minister.

It would be my opinion that a prime minister who occupied his seat in this house for long periods of time would gain a far greater sense of what was the feeling of the House of Commons on any given subject and would, because of his extended attendance in the house, be able to discharge his all-important duties more efficiently than he can by attempting to discharge them in some other way.

Mr. Fisher: I wanted to make some remarks and ask questions in connection with the library of parliament. I suppose I can ask my questions on this particular item.

The Deputy Chairman: Item 191 is the general administration item.

Mr. Fisher: I just thought it would be like the other estimates and we could take it up on the first item.

The Deputy Chairman: We are really on the Senate now.

Item agreed to.

[Mr. Argue.]

183. Allowance in lieu of residence, $3,000.

Mr. Fisher: I just wanted to ask the Speaker what his views were in connection with the possible expenses for air travel, if that should be introduced. We have members' travelling expenses under this particular item at the present time. I wondered whether, if there be developed a discussion in relation to extending this privilege, the Speaker would have any views as to whether those expenses should come in this particular area or whether they should come under the Department of Transport. Further, I should like to ask whether he has had any consultation in connection with this particular question as yet.

Mr. Pickersgill: One o'clock.

Mr. Speaker: Perhaps I can answer the question after one o'clock.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

The Deputy Chairman: We were on vote 183. Shall vote 183 carry? I would point out to hon. members that the general administration item is 185. Shall vote 183 carry?

Mr. McGee: No, Mr. Chairman.

Mr. Broome: With regard to item 183, just before one o'clock the hon. member for Port Arthur spoke about providing air transportation for members whose ridings are a long way from Ottawa and I should like to support what he said.

The Deputy Chairman: Order. I wonder whether the hon. member would wait until we get to vote 185, the administration item.

Item agreed to.

185. General administration—estimates of the Clerk, $1,873,265.

Mr. Broome: I should like to support what the hon. member for Port Arthur said with regard to air transportation. If we were to remain silent our silence might be interpreted as meaning we do not support his viewpoint. Hon. members from British Columbia in particular do support his viewpoint. When I was at the parliamentary conference recently in Rio de Janeiro I was interested to learn that members of the United Kingdom parliament are provided with air transportation between their constituencies and London as they require it. I do not think anybody is asking for a wide open pass system but I believe that consideration should be given to the issuing of a limited number of passes,

preferably to those members whose constituencies are such a great distance from Ottawa as in the case of those from the far west and perhaps those from Newfoundland. The matter has been brought up time after time and I wish to state that I stand wholeheartedly behind the request that we be given this type of transportation.

Mr. Chambers: I should like to ask a question regarding the numbering of the offices in the building. Is any consideration being given to improving the system so that visitors may find our offices and, for that matter, so that new members may find their way home each evening?

Mr. Pickersgill: I should like to join wholeheartedly in what the hon. member for St. Lawrence-St. George has said. I have been around this building for 20 years and I have never yet been able to figure out what the numbering system is. I doubt if anyone else has.

Mr. Speaker: I am glad to state that a study is being made of a more intelligible numbering system. That study was instituted two or three weeks ago, I believe, and was sparked by a letter from the Postmaster General who complained about the same matter, I understand, in previous sessions. I believe that a much more understandable system is being devised. As a matter of fact, I know that a much better system has been devised and it now remains to secure the agreement of the Senate and the Department of Public Works in order to put it into operation. I take it that it might be put into operation most conveniently when a new directory is issued. The matter is well in hand and I hope we shall have a system which will help explain itself.

Mr. Martin (Essex East): Talking about systems, I know that this matter does not come under the Speaker but I make the suggestion through him that the government might consider the desirability of transferring to the Speaker authority over the refrigeration system which is now non-existent in the house. Reasons have been suggested why it has not been functioning in recent weeks. I do not expect the Speaker to reply to what I am saying because obviously he must be a disinterested party, but I am wondering why all matters pertaining to the house do not come under the Speaker.

Mr. Speaker: In spite of the opportunity to remain silent which my hon. friend gave me, I should like to say that I have been as concerned as he has with the inefficiency of the air cooling system which, as he knows, was installed in 1947. With the approach of hot weather recently I took it upon myself to ask the Minister of Public Works, whose department is responsible for the heating and cooling of the building, to see that we got a better system. I know there are some difficulties which it may not be possible to overcome this session but I shall not be content unless we have an efficient system before another session.

Mr. Pickersgill: Mr. Chairman, I think I was the first person who brought this subject into the open in this house. I was quite unsatisfied by the technical explanation given to us by the Minister of Public Works that the election of 200-odd Conservative members had increased the hot air so much in the chamber that the cooling system would no longer work. I thought the minister was exaggerating the power of hon. gentlemen opposite. But lest there be any misapprehension about the matter I would point out that in happier days in previous sessions, as I mentioned, the system seemed to work perfectly.

Mr. McGee: With reference to the remark just made by the member for Bonavista-Twillingate, may I say that a report is circulating throughout the building that the engineers found that the cooling system broke down under the impact of so many Liberals in the house in the past. I should like to support the position taken by the hon. member for Vancouver South as it represents the wishes of all members of the house whose ridings are a considerable distance from this city. I support their request for a limited and reasonable number of air passes.

The reason I rose was to inquire about the number of free copies of *Hansard* allotted to each member. I understand that comes under this item. This matter is the cause of one of the many difficulties I have encountered in representing a constituency with over 200,000 people. I believe the number of copies of *Hansard* is 16 and there are at least 16 newspapers servicing various parts of the riding in which I live. If I were to designate that these free copies of *Hansard* be sent to these newspapers I would not be covering the ground. I wonder whether the Speaker might have some suggestion with regard to what I know will be the general agreement of members of the house to provide for the relief of McGee in this matter.

Mr. Speaker: A similar question was asked by the hon. member for Port Arthur. The present arrangement was approved by the house on May 28, 1948, and the order of the house will be found in the *Journals* of that day at page 490. The order authorized 16 copies to be sent free on the nomination of each member and hon. members are familiar

with the arrangements by which that is done. The free copies are not charged specifically but are charged generally against the printing vote which is one of the items in the legislation estimates. The queen's printer is paid for the printing of *Hansard* and these copies are simply taken out of the supply that is printed.

Mr. Pickersgill: I should like to support what has been said by the hon. member for York-Scarborough. I cannot claim that there are 16 newspapers published in my constituency because actually there is not one, and perhaps it is almost unique in Canada in that respect. But I think those of us representing constituencies where there are very few or no newspapers available have an even greater need of *Hansard* to inform our constituents of what is going on than those who have the good fortune to have newspapers circulating in their constituencies. I find that I have to spend a good deal out of my own pocket to provide for what I believe are the legitimate desires of representative citizens of the constituency who want to be informed about public affairs.

Perhaps I should not trespass upon Your Honour's time by bringing this up at this moment, but I do feel that perhaps the commissioners of internal economy might give consideration to making a recommendation to the house which could increase this allowance somewhat.

Mr. Herridge: I was rather surprised to hear the hon. member for York-Scarborough mention the sending of free copies of *Hansard* to 16 newspapers. I have a number of newspapers in my constituency of the same free enterprise type, but they are willing to stand on their own feet and pay for their *Hansards*. In addition to that, I was very surprised to hear this representative of the capitalist class asking for an increase in federal expenditure for providing his constituents more free *Hansards*. I am a poor little socialist living in the backwoods, and I send out a lot of *Hansards* to my constituents, but I am quite willing to pay the shot because I believe in that type of free enterprise.

I rise particularly to express the appreciation of this group for the services, courtesy and work of the staff of the House of Commons, particularly in view of the long hours they have had to put in in recent weeks. I am referring to the protective staff, the messengers, some of whom have to travel many miles on rather ancient legs; the page boys and the other members of the staff, including the nurse, whom I attended upon for the first time yesterday and who was able to bring me back into action this morning, for which I am very grateful. I should like to mention also the *Hansard* reporters and the ladies to whom I refer as the *Hansard* angels, who have to take dictation from these reporters. I do hope, Mr. Chairman, while there is some excuse for the unusual length of this session, that in future this house will be able to arrange its work to the better advantage of the members and to the better advantage of the staff, so that neither the staff nor the members are denied the opportunity of spending some of their time during the general holiday season with their children, their grandchildren or in some cases their great grandchildren.

Before concluding, I want to make a special plea for what I understand are officially known as the cleaning ladies. I arrive at this house usually between 7.30 and 7.45 in the morning. I am constantly meeting delegations with various complaints. I understand that in recent years, under a previous Speaker, certain changes in the rules were made with respect to their hours. I am told that many of these ladies are married and they have to get here very early in the morning. One lady told me she got up at 4.30 to get here in time to undertake her work. I understand that the ruling now provides that they must stay here until 8.30. I find on arrival that the great majority have already completed their work, and in many cases they have to sit around for an hour or more until close to 8.30 when they can go down and punch the clock to go home.

Now, I feel this is entirely unnecessary. I have observed it for a good many months, and I think it is completely unnecessary that these people, who can complete their work within a certain time, should not be allowed to go when their work has been completed instead of being required to stay around for an hour or so until 8.30.

Mr. Hardie: Hear, hear.

Mr. Herridge: Other members say "hear, hear", so I am sure they have had the same experience. I raise this question because these people have not much opportunity to speak for themselves. I do feel that consideration should be given to the matter so that when their work is completed they would be allowed to leave or at least allowed to leave at a reasonable time and not required to simply stay around for an hour or more in order to comply with this regulation. They have to go home and do their housework, attend to their children and so on.

Mr. Browne (Vancouver-Kingsway): Before we leave this item, I should like to add my support to the views expressed by the hon. member for York-Scarborough on the matter of distribution of free *Hansards*. I can quite

understand the reluctance of the hon. member for Kootenay West in wanting to see these circulated because if there were enough copies circulated, and enough people read them, not only the Social Credit party would be eliminated but his group as well.

Mr. Herridge: I send *Hansard* out to anyone in my constituency who asks for one.

Mr. McGee: I hope the hon. member for Kootenay West had his tongue in his cheek when he made reference to the poor, starving socialists. Unfortunately, I do not happen to live in a country estate in the mountains, I live in a small house in suburbia. I cannot afford to pay out what would amount to more than $2,000 over a normal session. I had requests from constituents immediately following election in June for something over 120, and they are still on the list. As I say, I am a poor starving capitalist who lives in suburbia, and I cannot afford that amount of money.

Mr. Fisher: I wanted to ask if Your Honour could define for us the rules in relation to what happens to the clerical staff at the end of the session. There was a certain amount of confusion after dissolution as to what our rights were with regard to the use of clerical help. There may be some question immediately after this session closes. I know some members want to leave immediately, but I wondered what the rights were of the members who desired to stay for a few days and possibly use a secretary to complete some work.

Mr. Speaker: In my brief experience, Mr. Chairman, with the administration of this essential service to the members, that is the secretarial service, the only principle I have followed was to try to give to the members all the service that they required within the capacity of the staff and the money. We have a vote which provides for some 38 permanent stenographers and 140 sessional stenographers. The immediate problem is service at the end of the session and I can say that, as at the end of past sessions, any member who wants secretarial service for a few days or a reasonable time after the end of the session to complete his arrangements, can be assured of having that service.

There is also a secretarial pool here during the recess, and members who come here during the recess can call on the stenographic services available. Although they may not be able to have their customary secretary, there will be a competent secretary from the pool available. There are some of these secretaries on a continuous basis who are assigned definitely to local members who can carry on their constituency correspondance the year round because they live near Ottawa. Obviously, that is not possible for distant members.

Mr. Speakman: I should like to ask Mr. Speaker if he would look into the difference in salaries received by the House of Commons messengers as against salaries received by messengers in the other place whose duties are considerably less, whose time is required considerably less, but who I believe are getting considerably more.

Mr. Garland: I should like to pursue very briefly, Mr. Chairman, the matter with which we were dealing prior to lunch, that is the matter of the installation in the Prime Minister's office. As a result of that I am wondering whether we are correct in assuming that these wires can be tapped without Mr. Speaker's permission.

Mr. Speaker: If the hon. member is talking about the physical possibility, I would say that I do not inspect them and that I do not know whether they have been or are being tapped. I think the point was fairly well dealt with previously when it was discussed and I do not think I have anything to add.

Mr. Garland: I make no apology for raising the matter again because Mr. Speaker is the first commoner and there is no one else to whom we can turn for protection in a matter of this kind. When Mr. Speaker said that he was not consulted prior to the installation, I wonder whether he could say if he has been consulted since the installation. I have two or three points in mind. The first is this. Can he say precisely to what use this service is being put at the present time?

Mr. Speaker: I can say that I have had no requests from any members of the house for the extension of the loud speaker service beyond the chamber.

Mr. Garland: Perhaps Mr. Speaker misunderstood my question. The question I asked was this. Can he say precisely to what use this service is being put at the present time?

Mr. Speaker: No. It is not within my knowledge. Before the adjournment I expressed my view that this amplification system, which was authorized initially by the house, is a matter for the direction and control of the house. As Speaker, of course, I am only the servant of the house and I do as I am authorized and directed to do by the house.

Mr. Garland: What assurance have members of the house that other installations of a similar nature are not in effect even at this precise moment?

Mr. Speaker: I shall make inquiry to see whether there are any others and will inform the hon. member of the result of my inquiry.

Mr. Garland: Can he perhaps say at the same time whether any other installations are being contemplated at the present time?

Mr. Speaker: I have dealt with that matter in the previous answer.

Mr. McGee: There is one other matter I wish to mention concerning the arrangements in the building. It has come to my attention that there have been a considerable number of visitors, both from the United States and Canada, and it is my understanding that of late there has been a larger percentage of Canadians visiting the building, a fact which adds some force to my suggestion. Frequent comments have been made to me and they come indirectly from others to the effect that the hours when tours of the building are available to visitors of the building are rather restricted. I would suggest that Mr. Speaker give consideration to extending the facilities or extending the hours and, if necessary, to hiring college students or high school students to assist the staff who are already rather heavily burdened in this matter. I have one further suggestion concerning the arrangements in the house. It would seem to me that it might be desirable to have some pamphlet giving a brief description of the house and possibly some historical background available free to visitors of the house and not to have the procedure presently in effect, as I understand it, by which they must purchase this information. I would greatly appreciate it if these matters could be considered.

Mr. Speaker: I shall be glad to give consideration to these suggestions. In fact, I have already done so. The number of visitors to the parliament buildings is increasing each year. Last year the number was 50,000 more than the year before, to a total of 350,000. The Sergeant at Arms informs me that at the present time there are approximately 3,000 visitors a day to the parliament buildings. I think the hours are not out of line. I believe that an attempt was made to keep the buildings open in the evenings and it was found that there was really no call for it. It also complicates the other arrangements. We have an excellent guide service, I believe. Hon. members will have observed and heard the protective staff taking parties about the parliament buildings. I think they do a good and courteous job. If more are needed, of course they will be added. We are in a state where our visitors are increasing and we may be obliged to change the present system or alternatively to add to it. It may be that the number of visitors will interfere with parliament itself and some restriction may have to be put on if we become any more popular than we are at the moment.

Mr. Peters: Some mention was made a few minutes ago to *Hansard*. A United States visitor was over here a few weeks ago and he dropped in to see me. He commented on the fact that copies of our *Hansard* were not as difficult to obtain as were the records of the United States congress. He does considerable work in the legislative field there and was interested in this matter. He pointed out that the people who visit here—and there are thousands every day—are not readily exposed to the fact that they can buy *Hansard* if they wish to do so, and that it is a factual record of the house. I should like to make the suggestion that we put a rack in the lobby of the House of Commons where *Hansard* is displayed. If it were thought fit to give copies away, that would be fine but if it were not thought fit to do that, they might be available so that visitors could purchase them at the regular price. We could probably encourage a great deal more interest in the House of Commons and in the debates that take place here if the people were to know that this type of information was available at the very low price we charge for it.

Mr. Speaker: Perhaps I should say just one word on that matter and on the suggestion of the hon. member for York-Scarborough. We sell some souvenir booklets, as hon. members know, at the base of the elevator to the peace tower and that sale is handled by the protective staff. That is a matter which has recently come under my notice and I have been considering whether or not we have the best possible method of supplying the essential documents to tourists. It was suggested that we give a booklet. We have a booklet with which all hon. members are familiar. It is a little booklet published by the queen's printer. I think we pay ten cents for it. It is an illustrated booklet and it tells how parliament works. It is a very good short summary in a convenient size. If we gave this booklet to each of the tourists this year, for example, at ten cents apiece it would cost us $30,000. I do not know whether parliament is prepared to go into that kind of expenditure. The books are available to those who want them at fifteen cents. I have been considering the possibility of a free distribution but I am not convinced that it would be the best use of the money. The tourists seem to get what they want and they are ready to pay for it. However, I am interested in what

the hon. members say and I shall be glad to have their representations from time to time.

Mr. Garland: Perhaps this might be an opportune or appropriate time to pay a compliment to Mr. Speaker for the excellent presentation he made on television the other evening with regard to this aspect of the matter.

Mr. Aiken: There is one matter which several visitors have mentioned to me. It concerns the sale of pamphlets at the base of the peace tower. Some of the visitors felt that after they have had a very nice tour of the building and were ready to depart, pamphlets were being hawked to them at the entrance to the memorial chamber.

This was earlier in the year. I did mention the matter to the Clerk, and I think the situation is much better now in that they are not being pushed. But I think we should give serious consideration to how far the protective staff should go in presenting these pamphlets so that it shall not appear that the public is paying for the privilege of the tour by buying a book.

Mr. Bigg: With the development of the north country an added burden is imposed on those members who serve this vast territory. We are not able to move around our constituencies without aeroplanes, because there are no roads and no railroads, and I simply point out that no special allowance is available to members who are obliged to use aeroplanes for this purpose. The problem does not affect a great many members, but it does impose a great burden on those who are concerned.

Mr. Hardie: Since the hon. member for Athabasca has brought up this subject of air travel and the difficulties experienced in covering these northern constituencies adequately, I must say I agree with him—I think this view would be shared by hon. members representing Meadow Lake, Peace River and other similar constituencies—that it is extremely difficult for a member of parliament to serve these northern constituencies to the same degree as urban constituencies are served by those who represent them. In my constituency, for instance, since this session will go on possibly for another two or three weeks, I understand—

Mr. Argue: A month.

Mr. Hardie: —maybe a month, or six weeks, then. In any event, the people in the northern half of my riding expect the same services of me as those who live in the southern area. Freeze-up comes any time after September 3, which means that if I am to cover that riding I must leave here before the end of the session, arrive in Yellowknife, and charter an aircraft, which costs between 55 and 75 cents a mile, in order to reach these people in the north. I have to leave before the end of the session so that I can cover this part of my constituency on floats, take an aircraft that is equipped with pontoons and fly into the northern half of the riding before freeze-up. I think this would also apply in constituencies such as Athabasca, Peace River and Meadow Lake.

As I say, I feel the hon. member for Athabasca has raised a very good point. We are expected to serve our people to the same degree as other hon. members here. I heard the hon. member for York-Scarborough talking about the distribution of *Hansard*. *Hansard* may be mailed from here every day of the week, but copies only arrive once or twice a year in some parts of the constituencies which certain hon. members represent. Since the subject has been brought up I feel some special arrangement should be made whereby hon. members who represent constituencies such as mine should be allowed travelling expenses above and beyond those which are provided for by the legislation which now exists.

Most members of this house could, I am sure, cover their ridings by putting a full tank of gas in the car and driving around. But in my case—and I am sure this experience is shared by a number of hon. members opposite, both to my right and to my left—this is far from being possible. I return from here to Yellowknife, which is the central point. There I have to charter an aircraft costing, as I said, between 55 and 75 cents a mile. I leave Yellowknife and, if I want to do it the short way, I go to Hay River, Fort Providence, Jean Marie River, Fort Simpson, South Nahanni, Fort Liard—

An hon. Member: This is a travel logue.

Mr. Hardie: If I had so little to talk about as the hon. member for Vancouver, wherever it is—

An hon. Member: South.

Mr. Hardie: Well, it is south of nowhere, I will say that. If I have to cover my riding—and I have the same privilege in regard to the expense account as are allowed to other members of this house—I must go Hay River, Fort Providence, Jean Marie River, Fort Simpson, South Nahanni, Fort Liard, Fort Wrigley, Fort Norman, Fort Franklyn, back to Norman Wells, Good Hope, Arctic Red River, Fort McPherson and Aklavik, and along the coast from Aklavik to the radar station at Tuktoyaktuk, or, maybe, I would take the long route and back to Yellowknife.

Even in that case I would only have covered half of my riding, and I would have covered about 5,000 miles at a cost, as I have said, of between 55 and 75 cents a mile.

Someone may say: why don't you go by boat? I tried that in 1955 or 1956. I tried going by canoe. I started out at Hay River, thinking I would cut down my expenses and be able to serve my people properly. I left Hay River in a canoe, went to Fort Providence, Jean Marie River, Fort Simpson. There was a problem at Jean Marie River so I went back there, and then on to Fort Simpson, Fort Wrigley and Norman Wells.

This was in August. It rained for nine days. I do not think any hon. member in this house would expect me, or the hon. member for Athabasca or the hon. members for Meadow Lake and Peace River to sit in an open canoe when it is raining every day. Every once in a while you decide you had better dry out, so you pull into shore, build a fire and get about half dried out, and then you say: "to hell with it; back in the canoe." And then you move along the river again. One hon. member mentioned rain—

Mr. Hamilton (Notre Dame de Grace): You are all wet.

Mr. Hardie: I was just going to say to the Postmaster General that even in those nine days of rain from Hay River to Norman Wells I never saw so many crocodile tears as I have seen in this house—the whining and crying of the government every time—

The Deputy Chairman: I wish the hon. member would stay with the question of travelling expenses.

Mr. Hardie: Mr. Chairman, I have been endeavouring to stick to the question of travelling expenses but since the Postmaster General, who drives around in his constituency in a car—

Mr. Hamilton (Notre Dame de Grace): I walk.

Mr. Pickersgill: I thought the Postmaster General used the street cars.

Mr. Hardie: —interjected I thought I should comment on it. I shall proceed from there. On August 12 that same year it snowed.

The Deputy Chairman: Order. I must ask the hon. member to stick to travelling. We are not discussing weather. I request the hon. member to confine his remarks to the problems of travelling without discussing weather.

Mr. Pickersgill: Mr. Chairman, on the point of order you have raised surely it has always been recognized that weather is ancillary to travel.

Mr. Hardie: Mr. Chairman, I was just going to bring that point up. Let us ask the hon. member for Meadow Lake about this. If he travels by air from Meadow Lake to Uranium City in August or September to perform the duties expected of him by his constituents and because of rain or snow he is required to stay in Uranium City for, let us say, five days, does he get that free? I should say not. He pays a waiting charge. He must pay waiting time on that aircraft. If the aircraft company says it cannot fly from one point to another, perhaps a distance of 20 miles, he gets it free but if he engages an aircraft to take him from one point to another and on reaching his destination he is delayed, he must take his chances on that and pay waiting time.

In any event hon. members from northern constituencies are handicapped in serving the people they represent because they have to travel by air. A private hon. member told me that the Minister of Northern Affairs and National Resources and the Minister of Transport were going to make a tour of my riding. I must say I have not been asked by these hon. gentlemen to take them around my riding nor was I offered a free ride in their aircraft. I am sure I could take the Minister of Transport on an interesting tour of the country. I could introduce him to the people in my riding who have problems and who would very much like to speak to him and his colleague the Minister of Northern Affairs and National Resources. I will not prolong this debate any further—

Some hon. Members: Hear, hear.

Mr. Hardie: "Hear, hear", they say, all these fellows—

Mr. McFarlane: Hon. members.

Mr. Hardie: Well, all these hon. members who when they go home whether it is on June 1 or March 21 or March 31 simply fill up the gas tanks of their cars and cover their ridings; "Hear, hear" they say, but what do they say about the hon. member for Churchill, the hon. member for Peace River, the hon. member for Athabasca and other hon. members when they discuss this problem in caucus? I wonder what goes on in the caucus of the Tory party? I wonder if the hon. members for Churchill, Peace River and Athabasca—and I almost forgot the most important one, the hon. member for the Yukon.

Mr. Nielsen: Leave me out of this. I get around quite well.

Mr. Hardie: I am glad the hon. member mentioned that because the Liberal government built all the roads he is driving on when he is in his constituency.

Mr. Nielsen: Rubbish. I use an aircraft.

Mr. Hardie: Oh, no, you don't. There are only two polling divisions in your riding and you do not have to use aircraft.

Mr. Nielsen: Fifty-six.

Mr. Hardie: Two polling divisions. Ross River and Old Crow.

Mr. Pickersgill: Is Old Crow a polling division?

Mr. Hardie: In any event I wonder what goes on in the caucus of the Tory party.

Mr. Ricard: Lots of things.

Mr. Hardie: I wonder what is said when the hon. members for Churchill, Meadow Lake, Athabasca and Peace River stand up and say "We want a better deal". These fellows say, "Hear, hear" but I can just imagine what goes on in the caucus.

An hon. Member: Why not listen in? It is tapped.

Mr. Hardie: If I could have it tapped and piped into my room as the Prime Minister does I would find it most interesting to know what goes on in the Tory caucus. Possibly I could even tell you now. In any event, Mr. Chairman, I do think—

Mr. Hamilton (Notre Dame de Grace): You do? That is surprising!

Mr. Hardie: If I were to go back through all the pages of *Hansard* that have been filled by the Postmaster General I would say he did a hell of a lot less thinking than I have ever done.

The Deputy Chairman: Order.

Mr. Hardie: In fact, he did not do any.

An hon. Member: Correction stands.

Mr. Hardie: And he certainly has not done any thinking since he took office. I urge that the Speaker whose estimates we are discussing at the present time consider the possibility of extending to hon. members from northern constituencies an extra travelling allowance to cover the cost of transportation in their constituencies where transportation by air is the only means of transportation.

Mr. Granger: Mr. Speaker, I should like to associate myself with the remarks of the previous speaker and other hon. members who spoke concerning extra expenses incurred in properly looking after the interests of their constituents in northern constituencies. My constituency begins in central Newfoundland, at the south, and continues north to the northernmost tip of Labrador. If I am to get around my constituency at all I must do so by air. There is a string of settlements extending up that long coastline all of which have a right to be visited by their parliamentary representative and certainly he has a duty to visit them and acquaint himself with their problems in order to properly speak on their behalf. If one attempted to do it by any means other than air one would probably have to spend the whole 12 months of the year travelling. The result is that one must use aircraft.

All hon. members can appreciate that travel by air is much more expensive than by other means. One has the double handicap of long distances and high costs as compared with normal travel in smaller constituencies. I urge that Mr. Speaker take into consideration the question of making allowances for the travelling expenses of hon. members from constituencies where the only means of transportation is by air.

Mr. Speaker: I will just say this about travelling expenses. They are entirely statutory and it is up to the House of Commons to do whatever it wants to do.

Mr. Hardie: Will you recommend it, though, sir?

Mr. Regier: Mr. Chairman, I wonder whether I might ask the first commoner why there is a reduction of $10,000 in the contribution to the retirement allowance of members of parliament. The estimate for this fiscal year is only $55,000. I understand that members' contributions are matched by the government. I have made a rough calculation. There are 265 members, and 265 times $240 comes to $63,600, which is $8,600 above $55,000.

Mr. Speaker: I have here the annual report of the fund. The variation may be accounted for in the fact that members have the right to pay up arrears, and the act provides for matching those payments as well as the current payments. I will get the information for the hon. member.

Mr. Fisher: Has the Speaker noticed certain comments in newspapers by members of the press gallery about the conditions in the press gallery, and has he taken the whole question of the cramped quarters and the rumours of cockroaches, rats, and so forth in that particular area into consideration and does he intend to report on the conditions which have been referred to as slum conditions in that particular area of the house?

Mr. Speaker: I have only this to report. I have had no complaints from the press gallery this session or the previous session. I know that periodic fumigation takes place and I am sure that the best is done with the

space we have. All of us must realize that we are cramped in this building and even the members have to put up with restricted quarters as do the press in their operations until some solution is found to that problem.

Mr. Regier: On vote 185 I should like to call one little matter to the attention of the Speaker, if I may. It is normal practice, as the Speaker well knows, for the average worker in Canada to look forward to working not more than a five-day week. There are many employees in the House of Commons who, when the house is sitting six days a week, are requested to work six days a week. While I realize that at times it might be advisable for the house to be meeting six days a week, I would imagine that most members of the House of Commons would be able so to arrange their work that as few of the employees as possible would have to work six days a week. The ones I have in mind are our office help. We have a lot of research work to do, and so on, and I think we could well arrange to be doing this on Saturdays and Sundays. I believe arrangements could be made whereby members would not need the help of their stenographers except possibly the odd one down in the pool for emergency purposes. I think those people would greatly appreciate that. As we all know, when the summer months come many residents of Ottawa move out of the city and live out in the various summer cottages. They have made arrangements as to how to get in and out of Ottawa on regular week days. However, when we impose upon them the added Saturday, it just imposes a considerable hardship on a goodly number in that they are suddenly faced with this rather serious transportation problem. I was wondering also whether the Speaker had given any consideration to exempting those employees from work on the ordinarily accepted statutory holidays such as July 1, Her Majesty's birthday, and so on?

Mr. Speaker: Within the time at my disposal since being elected Speaker, and there has not been very much of it, I have been trying to familiarize myself with the conditions of work of both permanent and sessional employees. As I understand our system, in 1955 we did adopt the five-day principle, and everyone working here works on the basis of a five-day week. Now it is true in fact that they work six days while we are working six days, but they are paid additional for the extra day, and I am not sure that that is not a welcomed extra pay. When we are not in session, the employees of the House of Commons do enjoy some privileges which other civil servants and employees of public and municipal authorities do not enjoy, such as earlier closing hours. The extra time in which they work on Saturday and statutory holidays is made up to them as a holiday with pay in the case of the permanent staff. That may not be the answer; I do not think it is but, in any event, we are trying now to compensate all of our staff on the basis of a five-day week, giving them either the equivalent time off with pay or paying them for the extra work when they are sessional employees.

I do appreciate the hon. member's suggestion that members of the house should co-operate as much as they can to alleviate the situation which exists in the holiday period, and the hot weather, which necessarily arises out of our sitting at this time.

Mr. Fisher: In connection with the salaries for parliamentary assistants, I notice that the allotment has been doubled. I wonder what the explanation is. If parliamentary assistants should be appointed, will they be given a grant for the whole year, or will it be on the pro rata basis for the amount of time they actually put in in the year?

Mr. Speaker: I can only answer that nothing is being paid now under that vote.

Mr. Pickersgill: I confess I was greatly puzzled to see that the vote indicated for last year in the estimates was $28,000, and this year it is $56,000. It seems to me there must be some technical explanation for this because obviously the provision was made for 14 appointments originally, and I do not think it has ever been changed. If my arithmetic is correct, 14 times 4 would be 56 and not 28. I notice the same thing with regard to the allowance given to the incumbent of the chair at the moment, which I am sure was $2,000 in times past but this says $1,000 for 1957-58. I am sure there is some technical explanation of it, and I wondered what it was.

Mr. Speaker: The normal vote is 14 times $4,000. I cannot give offhand any explanation for the estimates of last year which, of course, are not now under consideration, but I will be glad to obtain the information.

Mr. Pickersgill: I am reluctant to think, sir, that the Minister of Finance has made another mistake in arithmetic.

Mr. Hardie: It has been rumoured around the corridors that out of the estimates of the Speaker there is a possibility of a trip into my own constituency of Mackenzie River and into the Yukon Territory this session. I am wondering whether the Speaker, rather than spend this money on a trip for hon. members, could not divert some of this or

make possible all of it going to the members I spoke of earlier this afternoon and leave the financing of the proposed trip to the Department of Northern Affairs and National Resources.

Mr. Speaker: I have no power to change the purpose of a vote. As the hon. member will see, there is an item of $20,000 for expenses of committees. That is available for expenditure by committees in the pursuit of their duties.

Mr. Hardie: I am sure that the Speaker is very interested in seeing that the hon. members I have mentioned should have the opportunity to cover their constituencies properly. Although this money is available for committees I would hope that the Speaker would make such a recommendation to the government. I am sure the government would listen to the Speaker. I would hope that the Speaker, as the first member of the house, would recommend to the government that if these moneys now allocated to committees are not going to be used, they should be made available to look after the members for Churchill, Meadow Lake, Peace River, Athabasca, the Yukon, Labrador and the Northwest Territories.

Item agreed to.

186. Estimates of the Sergeant-at-Arms, $859,599.

Mr. Regier: I have one minor complaint to register under this item having to do with parking space for cars of members of the House of Commons. With the growth in the number of visitors to parliament hill, members of parliament are finding it increasingly difficult to find accommodation for their cars in the spaces allotted to them. An ever-increasing number of cars are using these parking spaces without proper authorization. I hope that the matter can be looked into at the next session. I know that if one arrives at the house a little later than the opening it is very often completely impossible to find a parking space. I have walked along the line of cars and have seen that less than half of them have the proper authorization to park their cars where they are.

Mr. Speaker: I am quite conscious of the difficulty. As a matter of fact, a survey was made by the Sergeant-at-Arms on Saturday last and something like 24 or 30 of the 80 odd spaces available for members, outside of the ministers' parking area, were found to be occupied by cars that were not authorized to park there. There is no policing. I am studying the problem with the Sergeant-at-Arms and the commissioners and we are trying to find a solution so that all members with cars will have their spaces available to them. However, the solution requires a good deal of co-operation by members as well as policing of the area.

Item agreed to.

189. To provide hereby, notwithstanding anything contained in the Financial Administration Act or the provisions of the Senate and House of Commons Act respecting the independence of parliament, for the payment out of the consolidated revenue fund to each member of the House of Commons appointed by the governor in council to be a parliamentary assistant (which appointment shall not render such member ineligible or disqualify him as a member of the House of Commons) to assist a minister of the crown in such manner and to such extent as the minister may determine and to represent his department in the House of Commons in the absence of the minister therefrom, a salary of four thousand dollars per annum and pro rata for any period less than a year, $56,000.

Mr. Regier: This vote calls for the payment of parliamentary assistants. I believe the Speaker will agree that it is not wise to ask for more money than can possibly be used in any one financial year. At the end of this month five months of the current fiscal year will have elapsed. The vote calls for $56,000 representing pay for a full year for 14 parliamentary assistants. We may have had that many but I doubt it. In view of the fact that five months of the current fiscal year will have elapsed at the end of this month, I am wondering whether the Speaker might not like to reduce this amount by making it only seven-twelfths of the amount listed.

Mr. Speaker: As was said earlier, the normal estimate is 14 times $4,000 or $56,000. The amount spent has varied a great deal from year to year depending upon how many parliamentary assistants there were and what time they were appointed. The unexpended part of the $56,000 has ranged from $4,000 in 1956-57 to $28,000 in 1945-46. No money is lost by leaving the vote as it is. It just means that it is an over-estimate as it stands.

Mr. Regier: The reason I ask for a reduction is that I believe some members have actually been acting as parliamentary assistants since March 31, if not in an official capacity then possibly in the capacity of expectation. I do not know how to put it.

Mr. Hodgson: Erstwhile.

Mr. Regier: If the vote is left as it is it might lead to parliamentary assistants being appointed and their remuneration being made retroactive. That could cause considerable difficulty. In order to ensure that all parliamentary assistants, once they are appointed, will be treated on an equitable basis, I believe that this amount should be reduced

in proportion to the period of time that has elapsed. Therefore I move:

That the amount of vote No. 189, $56,000, be reduced by five-twelfths of that figure.

That would leave the vote at $32,666.67.

Mr. Pearkes: I am sure the government could not accept this amendment. This money has been provided. If it is spent it will be spent. If it is not spent, then in the ordinary course of events the money will just lapse.

Mr. Regier: On that point, I am sure that the Minister of National Defence will remember very well how members of his party used to criticize most severely any item in the estimates of the previous regime that obviously would not be needed for the ensuing year. At that time his party put forward the idea that it was wrong in principle to vote more money to any government than it required.

All that legislation provides for is that parliamentary assistants be paid an additional $4,000 per annum. I am sure the minister cannot really have considered the argument that he has advanced that we ought to vote more money for a purpose than is allowed for that purpose.

The Deputy Chairman: Is the house ready for the question?

Mr. Martin (Essex East): No, I think before we on this side decide exactly what we should do about this question, we ought to give the government an opportunity to explain what it intends to do about parliamentary assistants. The hon. member who has just taken his seat is quite right. Those who occupy the treasury benches, when they were on this side, were insistent that there should be a proper relationship between estimates and expenditures. There is not much sense in providing an estimate unless the government intends to carry out the purpose for which the estimate is made.

Several months have gone by now and parliamentary assistants have not been appointed. The day before yesterday the Leader of the Opposition interrogated the Prime Minister as to his intention in this regard, and the reply given by the Prime Minister was certainly not informative. No one perhaps can say whether or not parliamentary assistants will be appointed, except the Prime Minister. During the course of the session the Prime Minister did indicate that parliamentary assistants would be appointed. Here we are coming to the end of the session during which a parliamentary assistant is expected to perform his major functions. Now it is not difficult for the Minister of National Defence, speaking for the government, to say that he could accept this amendment, but that is not sufficient. The hon. gentleman is too intelligent to expect us to believe it is adequate.

We should be told by the government whether or not they intend to appoint parliamentary assistants for the balance of the period or whether the institution, initiated by the previous administration, is going to be dropped. If it is dropped, of course, there will be great disappointment in the ranks of hon. gentlemen opposite because—I was going to say there are many hundreds but that would be an exaggeration—there are certainly well over a hundred on the other side and in the overflow on this side who are sitting here day after day in expectation that each is going to be preferred. Knowing something about what that expectation is like, I feel that I should speak for these unnamed individuals who aspire to sit in the seats of the mighty. The government has an opportunity to relieve them of the tension which has pursued these aspirants over a period of five months; it has an opportunity to interfere with careers or move careers along. We should be told today. I do not know of anyone who can tell us more effectively than the Minister of National Defence. He has the ear of the Prime Minister, as I am sure no other minister has—

Mr. Pearkes: That is absolute nonsense, Mr. Chairman.

Mr. Martin (Essex East): If the Prime Minister, who undoubtedly hears me at this time, does not think it desirable to enter the chamber at this particular moment, surely the Minister of National Defence will find it desirable to tell us whether or not the Prime Minister is going to appoint parliamentary assistants.

If not, then obviously this money should not be voted. If the government intends to appoint parliamentary assistants, we should then respect the government's wishes in the matter. Before we make up our minds on this question either the Minister of National Defence, who now shows a measure of reluctance, the Minister of Agriculture, who seems to be eager, or the Minister of Northern Affairs and National Resources should reply on behalf of the government. It would not be fair to ask Mr. Speaker, who has views, but no authority.

Mr. Pearkes: It must be remembered that these estimates were prepared a long time ago, and provision has been made for the appointment of parliamentary assistants, as and when it is the desire of the Prime Minister to appoint those parliamentary assistants. The work of the parliamentary assistants does not end at the end of the session. As

the hon. member has just said, he does not know whether or not there are going to be parliamentary assistants appointed. How then can he say he will reduce the sum by a certain amount? Obviously, we should leave the amount in the vote, and if that amount is not spent in the way that parliament has authorized it be spent, it lapses in the ordinary course of proceedings.

Mr. Pickersgill: I rise to support what was said by the hon. member for Essex East. I can remember when he was appointed among the first parliamentary assistants—

Mr. Martin (Essex East): After a long period of expectancy.

Mr. Pickersgill: —as he himself has said, after some time spent in hope. I can never remember any occasion in any parliament when the appointment of parliamentary assistants was left to the end of the session. It would appear to me if these appointments are not made during the session it would be an abuse of the vote and an abuse of the rights of parliament to appoint parliamentary assistants almost on the day of prorogation and pay them for a period when they obviously would not be serving in the way in which they would be serving during the session. Therefore it would seem to me, unless these appointments are made almost at once in contemplation of three or four more weeks of session, this money will not be needed until next January.

Perhaps the hon. gentleman in moving his amendment has not moved to reduce the vote enough. One thing is perfectly obvious, this money cannot be spent for April, May, June, July or nine days in August. It is, therefore, quite ridiculous to ask us to vote $56,000 when it is quite apparent more than one-third of that money cannot legally be spent in any case.

Mr. Argue: It is quite true, as the Minister of National Defence has said, that these estimates were prepared many months ago. I would think that the people, in preparing these estimates, assumed parliamentary assistants would have been appointed long ago. It seems a rather strange theory of government that an item placed in the estimates is so sacrosanct that, even although it is obviously not needed, parliament should not move to reduce the amount. As the hon. member for Essex East has so well said, many members of the government when they were on the opposition side of the house were most careful to point out to the former administration that this was a very bad practice and should not be followed.

I do not want to say anything to prejudice the position of parliamentary assistants or to put any blocks in the road of the many hopefuls to whom reference has been made. As a matter of fact, I have had a great deal of sympathy myself for these hon. gentlemen during this session. It has caused me a good deal of concern that so many capable young members were being bypassed, overlooked and given no consideration because these vacancies have been allowed to remain. Not only is it a disappointment to hon. members of this house who may hope to be appointed parliamentary assistants but I think it is rather degrading to the office itself. There will be going abroad the feeling that if in this session —with the tremendous amount of work that is being done; with estimates that are the largest in the history of this country; and with probably the heaviest work load we have ever seen in any peace time session—we were able to operate without parliamentary assistants in this streamlined fashion that has already become the vogue on account of the hurried up, 3½ month session, then perhaps it is an office that is superfluous to the efficient working of this house.

But in opposing any reduction the Minister of National Defence would seem to have in his mind the possibility that if these gentlemen are appointed to their positions they can be given 12 months' pay for 7 months' service. I am not nearly as expert an authority on what is legal and what is not in a vote such as this as is the hon. member for Bonavista-Twillingate. But with the wording of vote 189 as it is, and realizing that it is just an item in the estimates and is therefore not statutory, I take it that it might be possible to give them all of this pay for very little work. I would hope that thought is not in the mind of the Minister of National Defence.

For a government that has expressed so much desire for economy in administration this would seem to be a very obvious motion to support. It is really not going to take away from any person anything that he has earned but is merely bringing the estimates in line with reality. Some hon. members may feel that the appointment of certain parliamentary assistants has become something of a political plum, and that some of the offices are not necessary. I do not express that opinion. However, I say that it has been a mistake to allow this session to come nearly to a conclusion without parliamentary assistants being appointed. That has been a strange procedure for the government. The attitude of and the statement made by the Minister of National Defence at this time are even more strange. In keeping with the beliefs of members of the government in the past I would appeal to the Minister of Public Works and to the members of the government to accept this

motion in order to tidy up these estimates so that they will be more in keeping with reality.

(Translation):

Mr. Dupuis: Mr. Chairman, with respect to the $56,000 estimate to provide for the salary of certain parliamentary assistants, I must say that I regret that the government has not yet seen fit to make the necessary appointments. Does this mean that the Prime Minister (Mr. Diefenbaker) has been unable to discover any qualified members to fill those vacancies? I can hardly believe that. Could this be a sword of Damocles hanging over the heads of our friends opposite in order to make sure of their presence in the house at all times? To my mind that is another possibility.

Mr. Chairman, the fact remains that we are being asked to vote $56,000 for the appointment of parliamentary assistants. Even though the Prime Minister has stated more than once that those appointments would be made in the near future, the session is running out and we still do not know who those gentlemen might be. I could, of course, suggest some names to the Prime Minister, but I am convinced he knows of them better than I do. Then, too, I wonder though if he is not somewhat uneasy about appointing any from the ranks of Quebec members, since the famous natural gas scandal. I feel that the Prime Minister is being most cautious indeed, lest he appoint parliamentary assistants who, one fine day, could be "gassed", directly or indirectly.

Therefore, Mr. Chairman, I think the government should explain the matter. The theory I have put forward represents a distinct possibility. Natural gas has had damaging effects far beyond those generally assumed. The Prime Minister should explain why, at this very late stage of the session, he still refuses to appoint parliamentary assistants.

(Text):

Mr. Green: Mr. Chairman, this amendment goes to show what sitting for many days in the heat of an Ottawa summer will do to some of the hon. members of the house.

An hon. Member: Including you.

Mr. Green: Here we have the C.C.F. moving this amendment, supported by the hon. member for Bonavista-Twillingate and the hon. member for Essex East; and may I add that from neither of those two hon. members do we expect very much—

[Mr. Argue.]

Some hon. Members: Oh, oh.

Mr. Green: —particularly on such occasions. However, here is an attempt by two opposition groups absolutely devoid of any real issue on which to attack the government.

Some hon. Members: Oh, oh.

Mr. Argue: Who is whining now?

Mr. Green: Hon. members can groan and grunt all they like but that is the fact.

An hon. Member: Just a cheap political stunt.

Mr. Green: Here we have them drawing another red herring across the trail.

Mr. Pickersgill: Surely a parliamentary assistant is not a red herring.

Mr. Green: This is another good example of their standard of statesmanship. The vote under attack at the moment is to provide for the pay of parliamentary assistants. You will notice, Mr. Chairman, that it is not calculated on the basis of a certain number of parliamentary assistants. This is one reason why these specious arguments advanced from across the way fall so flat. It may be that the number of parliamentary assistants appointed under this vote would be more than 14. Whatever is done hon. members of the house, including members of the government party, may rest assured that the move made by the Prime Minister will be one which he considers to be in the best interests of the country. There is never any doubt about his decision being made on that basis. This attempt to come in here today and to shed crocodile tears for all the private members on the government side of the house because they have not all been appointed parliamentary assistants—

Mr. Argue: The minister is extremely touchy.

Mr. Green: —is very touching and all very amusing on a Saturday afternoon in Ottawa. But may I point out to the hon. members of these two opposition parties that we are not fooled by this amendment or by this attempt made to stir up trouble in the hearts of some of the members on the government side. It was hoped that some of these members would have their egos affected. Oh, the hon. member for Assiniboia has made his speech; he made the most he could out of nothing for five or ten minutes. Let him just keep quiet until I have finished.

We are always very grateful for suggestions as to ways in which the efficiency of government in this country can be improved, but this is not one of those suggestions—it is just a leg-pulling amendment which has been moved by hon. members of the C.C.F.

They sit up late night after night trying to figure out amendments of this kind.

Mr. Pickersgill: I suppose the minister is speaking from experience.

Mr. Green: And they nearly always take the hon. member for Bonavista-Twillingate into their camp because he has that kind of mentality. But after he has paid a visit to his adopted province of Newfoundland and met a few of his constituents in some of the post offices we have built there perhaps he will come back in a more sensible frame of mind. We are not gullible enough to fall for an amendment of this kind, and we hope that before the end of the session members of the two opposition parties will be able to come up with some suggestions which are a little more statesmanlike than the one they have made this afternoon.

Mr. Pickersgill: If I had intended to vote for the amendment before the Minister of Public Works spoke, he has given me a much better reason for doing so now because he has drawn attention to the fact that something has now been omitted from this vote which in earlier years was there.

When Mr. Mackenzie King first introduced the system of appointing parliamentary assistants and put this vote into the estimates, I think it was in 1941 or 1942, there was a limitation to 14 contained in the vote. Parliament was told without equivocation that the number would not be greater than this. Now the leader of the house has said that perhaps the Prime Minister would appoint more than 14. Perhaps an effort has been made to deceive parliament in order to appoint more than 14, in other words, perhaps there is an intention to increase the number appointed as compared with what has been done in the past by increasing the expenditure of public money on members of parliament which, except for this vote, would be contrary to the Senate and House of Commons Act. I think the committee should be told how many assistants, as a maximum, are to be appointed. There was never any doubt about this in the past and I must say I had overlooked the omission of the limitation to 14 in reading this vote hastily, but having read it hastily while the minister was speaking, it appears that there is no limitation as to numbers in this item and it seems to me that this is a very serious departure from established practice and that we should not be asked to vote this money until the government gives us a positive assurance that it is not going to appoint more than a certain number.

I agree with my hon. friend for Essex East that these appointments should have been made long ago, and I think it would be a scandal, as I said earlier, to make them in the dying days of the session, because the very term parliamentary assistant surely means that the assistance for which this extra money taken from the taxpayers is to be used is mainly for assistance in parliament.

Going back to the amendment itself, I want to repeat that it does seem to me absolutely contrary to the kind of thing that the minister used to argue from this side of the house and from what the Minister of Agriculture and Minister of National Defence and many other ministers used to say about voting more money than was going to be spent, to vote money for April, May, June, July and nine days of August. On one point I do not think the hon. member for Assiniboia was correct, because the item says "*pro rata* for any period less than a year", so I do not think there could be any dating back. But it does appear that more than 14 people could be appointed, and if the government has no such intention they should come clean and tell us and not try to slip it in surreptitiously as the Minister of Public Works has suggested they were trying to do. Before we vote on this item I hope the Minister of Public Works or someone else speaking for the government will give us an assurance that we are not going to use this money late in the session to appoint 25 or 30 or 40 parliamentary assistants and then divide up this $56,000, as the minister suggested could legally be done once we pass this vote.

Mr. Green: Perhaps we could appoint 175 and pay so much a head? How would that suit the hon. member?

Mr. Pickersgill: Perhaps you could. That is precisely the point. The government should not be so sloppy in drafting these estimates, nor should this committee be so careless about passing them as to leave that possibility open to the government and it seems to me that our duty—and this is especially true of those of us who were elected to oppose the government—is to see that the government does not get away with practices of this kind. It is not good enough that the law should make possible a practice of this kind even if it is not the intention of the government to indulge in it.

The minister spoke about leg-pulling. I do not really believe that even this government would appoint everyone of its supporters who was not in the ministry to be a parliamentary assistant for a few weeks, though some of their friends in one or two of the provinces have appointed so many people to their governments, and as assistants to ministers that the situation has reached a point where nearly everyone in the legislature—and I am thinking in particular of one of their close

friends—has office of some kind. But I do not think we want to see this kind of practice followed in the national field.

It seems to me that it is no laughing matter, though it may be that the hon. member for Burnaby-Coquitlam was, perhaps, just having a little good clean fun. But we now seem to have found out from the minister that perhaps there is some intention to appoint a lot more assistants than there were before and I think we are at least entitled to be told whether it is the intention of the government to do this or not.

Mr. Green: The short answer to the hon. member for Bonavista-Twillingate is that the number would be limited by the amount of the vote, which is $56,000. If it should be decided that this total is not required there would be that much money saved, but there is a ceiling, namely the amount of the vote.

Mr. Pickersgill: Yes, but unfortunately with people only appointed for one month it would not be much of a ceiling—it would be a case of the sky being just about the limit. I suppose that even the Minister of Public Works would not know what to do with more than, say, five parliamentary assistants, but if there is to be no limit put on this he may find himself in that embarrassing position some day in January or February or March before this vote expires. The minister talks about the necessity of not reducing this item. He was not in the committee when I directed a question earlier to the Speaker and, I think, not very properly to him, about why the estimate showed only $28,000 for last year. It seems to me there is something wrong there. Either there is something wrong with the estimates or there is some explanation.

Mr. Speaker: I have obtained an answer. There was no vote last year. As the house will recollect, the estimates were not passed. The actual expenditure was $28,000 and that was authorized by governor general's warrant. That is why it appears as an estimate of last year.

Mr. Pickersgill: As hon. members will recall Mr. Chairman, I said I felt there was some kind of explanation. I did not think it was negligence on any one's part not to have the explanation at hand. But that very fact does show that no hardship would be done to any one by reducing this vote by the number of months that have already passed for which it cannot possibly be used. I would think in view of the contemplated deficit of the Minister of Finance that hon. gentleman would be very happy to join with us in reducing this estimate by the number of months and days that have already passed in this fiscal year so that to this extent at least his estimates would be smaller than they otherwise were.

Mr. Gour: Mr. Chairman, I should like to bring to the attention of the house leader a very important consideration. When the Prime Minister decides to name the parliamentary assistants I urge that he not forget eastern Ontario. We used to have two cabinet ministers from eastern Ontario. One of the best qualified ministers represented the French-speaking population in that part of Ontario. Also, there was a most competent and capable minister who was English-speaking. At the moment eastern Ontario is not represented in the cabinet. My good friend the Minister of Agriculture requires a parliamentary assistant and I would like to suggest that the appointment be made from among hon. members from eastern Ontario. I have two neighbours, one English-speaking and one French-speaking. The hon. member for Carleton is a fine fellow. If he were appointed as parliamentary assistant to the Minister of Agriculture it would be better than nothing. At least eastern Ontario would be represented in the cabinet and the problems of agriculturists in that area could be made well known to the government. It would cost no more or less to appoint this hon. gentleman to that position than it would to appoint any one else. I would hope that eastern Ontario would be represented in the cabinet by at least one parliamentary assistant and there should be representation through both an English-speaking and French-speaking parliamentary assistant. In any event at least one parliamentary assistant should be named from middle and eastern Ontario. That is all I have to say on that question. I think it has been a grave mistake on the part of the Prime Minister to delay these appointments for such a long time. There are at least 200 hon. gentlemen on the other side of the house who cannot sleep at night because they are in suspense as to whether they will be appointed parliamentary assistants. Surely in that overwhelming majority on the other side of the house the Prime Minister can find 14 hon. gentlemen who could fill positions as parliamentary assistants.

Mr. Martin (Essex East): Mr. Chairman, I join again with my colleagues who have just spoken because the Minister of Public Works who leads the house was not here when the main arguments were put forward by those on this side of the house who respectfully urged the government to take some positive line and give the house some indication which has not yet been forthcoming. The government is asking that we

vote certain moneys in respect of an institution which has served its purpose during the period from 1941 or thereabouts up until June of 1957. We are now coming to the end of the session and no parliamentary assistants have been appointed whatsoever. In the absence of a statement from the government it does seem rather unusual that the government should ask us to appropriate moneys when it does not give any indication that it is ever going to spend the money it is asking parliament to vote.

The Minister of Public Works as the senior member of the government next to the Prime Minister, I presume, without knowing all of the undertones in the hierarchy, surely should be able to tell us what is the intention of the Prime Minister and the government. I addressed myself on this question rather respectfully but with perhaps too much force to the Minister of National Defence as one who certainly had the ear of the Prime Minister. I asked if in the absence of the Minister of Public Works he could give us some definite information as to what were the intentions of the government but for some reason the Minister of National Defence was not able to answer. As the hon. member for Russell pointed out there are many anxious individuals in this house—

Mr. Pearkes: Including you.

Mr. Martin (Essex East): —on all sides, on this side and down at the end, who are awaiting expectantly for every move made by the Prime Minister and, may I say by way of a compliment, for every move made by the Minister of Public Works who undoubtedly has great influence in these matters. The Minister of Public Works ought to be able to tell the committee if any parliamentary assistants are going to be appointed. We are not asking whether the old ones are going to be reappointed. We are not asking whether the principle of rotation will be observed so that in successive years each man will be given an opportunity to serve as parliamentary assistant.

Mr. Pearkes: We should have to be in power for a long time.

Mr. Martin (Essex East): We ought to have some statement from the minister on this question. There is a great deal of levity in the committee this afternoon—

Mr. Green: Hear, hear.

Mr. Martin (Essex East): —and that is understandable at this stage in the session but there is also a great deal of seriousness involved in this question. It was the hon. member for Russell who directed our attention to the grave aspects of this problem. Every cabinet minister but one comes from one section of the province of Ontario. Every minister comes from the Toronto district or the Hamilton district with the exception of the Minister of National Health and Welfare. The province of Ontario with a population of six million people is the largest province in Canada and all of the cabinet ministers are congregated in one area, the city of Toronto. Toronto is a fine and important city but there are other important cities in Canada including my own city of Windsor, the city of London, the city of Sault Ste. Marie and many others. And while I do not share the political convictions of my two colleagues from Essex county I want to say that if you have to select a Conservative government I do not think you could find any better, in so far as the Conservative party is concerned than what you have in the person of my two colleagues from Essex county.

Mr. Argue: All for Paul and Paul for all, eh?

Mr. Martin (Essex East): In any event there is no one in the cabinet representing any section of Ontario other than Toronto and Hamilton except the Minister of National Health and Welfare who comes from the city of Stratford. There is no one from northern or eastern Ontario and no one from a rural area.

Mr. Green: What about the Secretary of State for External Affairs?

Mr. Martin (Essex East): The Secretary of State for External Affairs comes from an area that is almost Toronto.

Some hon. Members: Oh, oh.

Mr. Martin (Essex East): Almost Toronto.

Mr. Harkness: He comes from Hastings, just east of here.

Mr. Green: Your geography is poor.

Mr. Martin (Essex East): And you should not forget the effect of the battle of Hastings, incidentally.

Mr. Harkness: One of the most fruitful battles in English history.

Mr. Martin (Essex East): I well recall how hon. gentlemen opposite used to complain about the fact that the city of Toronto had no representation in the last government except during the latter period of its tenure of office. In view of that I ask hon. gentlemen if my argument today is not a very valid, sound and justifiable one. Obviously the Prime Minister is not going to remove from his cabinet those hon. members who come from the city of Toronto and neighbouring regions. That would not be an easy thing for him to do and I am not going

to urge that he make changes of that kind at this stage in the history of this parliament but the way he could meet the need for a more balanced representation with respect to other sections of the province of Ontario would be to give representation on the lower ministerial level in the form of appointments as parliamentary assistants. That is an excellent suggestion which I make to the serious minded Minister of Public Works who undoubtedly has a lot to do with cabinet making in the present administration. If he wishes us to pass this measure I ask him to rise in his place and tell us whether or not we are going to have parliamentary assistants.

Is this vote just a pro forma thing to hold dangling between sessions before expectant junior ministers the possibility of their appointments? If that is what it is, then obviously we should not support the amendment. The Minister of Public Works has it in his hands now to clear this matter up at once and to say, yes, the government is going to appoint parliamentary assistants. He does not need to tell us it is going to be done tomorrow or at the end of the session, but that it is going to be done within a very reasonable period and length of time. If this is done, then the minister will give us a satisfactory answer, and he will demonstrate what I know is really the case, namely that he has great power and influence in the present government.

Mr. Green: Get thee behind me, Satan.

Mrs. Fairclough: I really cannot allow the remarks of the hon. member for Essex East to go by.

Mr. Martin (Essex East): May I apologize to the hon. lady. I know she comes from Hamilton, and I know I should not have said she came from Toronto.

Mrs. Fairclough: You certainly should not. While I am on my feet, perhaps I should say I am sure my colleague, the Minister of Labour, feels as badly as I do about the appellation which has been applied to us. I can assure the hon. member for Essex East that there are some 300,000 people in the city of Hamilton who feel just as I do.

The Deputy Chairman: Is the committee ready for the question?

Mr. Regier: Mr. Chairman, first of all I wish to assure the hon. member for Bonavista-Twillingate that I was not attempting to amuse either the committee or myself in moving this amendment. I do believe the amendment involves a matter of principle. However, I have another comment to make. I listened with considerable interest and, I must say, with a good deal of concern, to the assurance of the Minister of Public Works to members of his own party when he indicated to them that in his own good time the Prime Minister would take such actions as are in the best interests of Canada. It seems to me there is a rather serious implication there. Parliament established those offices some years ago and now, simply by leaving them vacant, they apparently do not exist. When we ask, and I am sure the members of the minister's party ask, when will these traditional offices be filled, we have the Minister of Public Works assuring us that in his own good time the Prime Minister will decide what is best for us. No longer will parliament decide. We are to go home from this session and rest assured that in his own good time the Prime Minister will decide what is best for parliament and, presumably, for the government of Canada.

I must agree, Mr. Chairman, at this time this whole debate seems a little bit like a phantom debate in that we are all really arguing against the existence of or against the argument of someone who is not here and yet who hears us. It is a rather weird atmosphere that seems to prevail. One member from the opposition rises and appeals to the Minister of National Defence who he thinks has influence with this non-existent personality who hears but who cannot be seen, and asks him whether he will use his influence. Then another member of the opposition appeals to the Minister of Public Works and asks will he please use his influence. I know it is very hard for us in the opposition to use our influence upon someone who can hear us but whom we cannot see. He cannot even see our facial contortions to know whether we are speaking in levity or in seriousness.

I must point out that the amount of money being asked for would, according to the wording of the vote, enable the appointment of 24 parliamentary assistants at the end of August. If they were appointed at the end of this month, the amounts that they would be entitled to for the remainder of the fiscal year on a pro rata basis would be $2,333 each, I believe. If we divide the vote of $62,000 by $2,333 it would permit the appointment of 24 parliamentary assistants. What the Minister of Public Works actually is asking is the right to appoint more parliamentary assistants to cabinet ministers than there are cabinet ministers with portfolios. I feel that this is introducing a new approach and something is being asked for which was never intended when parliamentary assistants were first established.

The Minister of Public Works referred to this amendment as a red herring. All I can

say is that almost the whole of his speech, besides referring to the mystic personality, was a green herring pulled across 14 vacant seats.

Amendment negatived: Yeas, 20; nays, 71.

The Deputy Chairman: I declare the amendment lost.

Item agreed to.

190. To provide for an allowance to the Deputy Chairman of Committees, $2,000.

Mr. Regier: Mr. Chairman, on this vote I would at least like to recommend to the government, or to the Speaker particularly, that this vote be taken into further consideration. As a matter of fact, I see no justification for the fact that parliamentary assistants should be allowed $4,000 a year and the Deputy Chairman of committees, who has in fact a year-round job if he wants to be well-informed, and especially in his initial year it must be a terrific mental load to inform oneself of all the rules of years gone by, should not get the same amount. I fail to see why the Deputy Chairman of committees should not be granted at least as much as a parliamentary assistant.

Item agreed to.

Library of parliament—

191. General administration, $354,205.

Mr. Fisher: Mr. Chairman, I want to congratulate the Speaker, in the sense that he is the spokesman for the library of parliament, on the recently issued pamphlet dealing with the use of the library and the various facilities that are available to members. I hope he will convey the appreciation of the house to the librarian and his staff for the preparation of this document and the general service they have rendered. I should like to ask the Speaker whether he can give us any information with regard to the head of the library and his retirement. I understand that he is beyond the actual retirement age and I was wondering whether the Speaker could tell us if he is going to continue to the end of the year or longer, whether any consideration has been given to another appointment and what the general situation is.

Mr. Speaker: I am sorry I cannot say more than that I believe Mr. Hardy expects an early retirement. I cannot say the exact date. I have not personally had any cause yet to consider the question of a successor but I believe that it will have to be dealt with very shortly.

Mr. Pickersgill: If the hon. member will permit me, may I suggest that he direct his question to the leader of the house because the office of parliamentary librarian is a crown appointment.

Mr. Fisher: I am quite aware of that and I want to go into that now. We would appreciate it if the Speaker would bring to the attention of the house leader that several years ago the hon. member for Bonavista-Twillingate in his ministerial capacity shepherded a bill through the house in relation to the library of parliament that struck a few sparks from the Conservative ranks. They objected quite strenuously to the bill and its general ramifications with respect to the library of parliament.

I might point out that Dr. Blair, who is gone from the house, the hon. member for York-Humber, the present Minister of Transport and a number of other leading lights of the Conservative party at that time objected quite strenuously to what was involved in the legislation and made some strong suggestions with respect to it. I should like to remind the house leader and the Speaker that since this retirement is pending now would be the time for the government to take action with regard to the matter. If they dislike the legislation as much now as they did when it was passed by the house this would be the time for amendments to be made and it might be reasonable to postpone the appointment of a new librarian until the government has taken the whole question into consideration. I can assure the government that from the point of view of the group in this part of the house we would be very strongly in favour of amendments to the act in line with the general position taken by this party in the debate several years ago.

Item agreed to.

Pensions and other Benefits—

192. Pension to the unmarried sister of the late Colonel Harry Baker, M.P., $700.

Mr. Regier: Could the Speaker give us the history of this vote?

Mr. Speaker: I can say very little more than what appears in the vote. The hon. member is speaking of the pension to the widow of the late Colonel Harry Baker, M.P. He was a member of the House of Commons and was killed on active service in the first war.

Mr. Martin (Essex East): He lost his life.

Mr. Speaker: He was killed on active service in the first war.

Mr. Pickersgill: I think it is the unmarried sister, not the widow.

Mr. Speaker: Provision was first made for this pension in the supplementary estimates of 1918-19 and I assumed it was the widow.

Mr. Pickersgill: I think the item refers to the unmarried sister and that Your Honour overlooked it inadvertently.

Mr. Speaker: All I can say is that this dependent of the late Colonel Baker is still living at an advanced age and is receiving the benefit which parliament first voted in 1918.

Mr. Regier: The reason I asked is that there have been increases in pensions, awards and incomes for almost everyone in the country. I know that this is only one of a number of such pensions found here and there throughout the departments but I wonder whether the government has ever given any attention to the possibility of allowing these people a reasonable increase to compensate for inflation.

Mr. Speaker: I do not know the circumstances of the lady in question but I will take the hon. member's suggestion under consideration and will perhaps be able to give more information next year.

Item agreed to.

The Deputy Chairman: That completes the estimates under legislation.

Mr. Speaker: May I thank hon. members for their consideration and also for what they have said about the staff of the legislative branch who are unable to speak for themselves and I am sure will appreciate the kind things that have been said about their services.

The Deputy Chairman: The committee will now take up the Department of Northern Affairs and National Resources.

DEPARTMENT OF NORTHERN AFFAIRS AND NATIONAL RESOURCES

266. Departmental administration, $731,410.

Mr. Pickersgill: Is the minister not going to make a statement?

Mr. Hamilton (Qu'Appelle): I am waiting for my staff to arrive.

Mr. Howard: We just wanted to make sure that the minister's staff got here. We know that the minister is itching to get to his feet to make a comprehensive statement.

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Chairman, the estimates of the Department of Northern Affairs and National Resources were considered by the standing committee on mines, forests and waters at 14 meetings extending over a period of 25 to 28 hours. The minutes of proceedings and evidence of the standing committee are extensive. I think those members who attended the committee meetings will realize that a great deal of information was advanced which I hope was of value to them. Then, on the supply motion some two weeks ago I spoke at some length on the principles behind the development program in so far as the Department of Northern Affairs and National Resources is affected.

At this time I should like to pay my respects and express my gratitude to the members of the committee which met so many times. I might tell hon. members that the average lost time due to late arrival was only five minutes. I think that is remarkable in view of the fact that out of a committee of 35 we had an attendance that varied between 18 and 25 and many days the committee met at 9 o'clock in the morning, including Mondays. At this time members of the committee of supply have a right to ask any questions they like, and I am sure the department will be very happy to provide any information we can that will be of assistance in helping members to pass these estimates.

Mr. Hardie: Mr. Chairman, although the committee on mines, forests and waters did study the estimates of this department, we expected that the minister would make a far more comprehensive statement for the benefit of other members of the house than he made in the short time he was on his feet. There were a great number of questions that were not asked in the committee, and the reason I submit they were not asked is that it was felt, I am sure by most hon. members of the committee, that there was little information supplied in connection with the Northwest Territories administration and lands branch. As a matter of fact, there was a motion moved in the committee that we pass all the items. At that time I said, knowing full well that the committee was going to pass this motion, that I would ask the questions I had in mind when the estimates reached the House of Commons.

Of course, we heard a great deal in that committee from the Minister of Northern Affairs and National Resources concerning the vision of the north; the inventory of our resources in Canada; the problem of transportation, and other subjects relating to the material development of the north. I do not intend, at this particular time, to spend too much time on this material development because I have before me evidence relating to the human development of the Northwest Territories. I bring to the attention of this house today a very sad picture, a picture that dims that great vision of the minister and the government which was proclaimed during the last election campaign and since. The minister has stated inside this house, in committee and outside this house, the great

need for development of the north in a material way. He has mentioned also the human development of that area. He has referred to the development of mines, minerals, oil, gas and all the rest of it, but he always mentions in connection with that the human development of the area.

The other day I asked the minister if he would table the evidence taken at an inquest that was held at Baker Lake in the Northwest Territories in the month of July into the starvation of 14 Eskimo people. Yesterday the minister was good enough to table the evidence taken at the inquest. He was also good enough to give me a copy of the autopsy report made by Dr. Wallace of Winnipeg on the bodies of these Eskimos who died at Garry lake. At that time the minister felt that the autopsy report should not be tabled. I communicated with him by telephone this morning and suggested that the autopsy report had been submitted by the R.C.M.P. officer at Baker Lake as exhibit 1 in the inquest, and for that reason I thought that, although this report had been given to me in confidence, I could not agree that the minister should not table it for the perusal of the members of the house. He agreed at that time to table this document and intimated to me I could use what was in it in this debate.

In 1956, Mr. Chairman, I spoke in this house concerning the serious depletion of caribou in the Northwest Territories. I should like to go back and quote from what I said on February 27, 1956, as it appears in volume 2 of the *Hansard* reports of that session. I was speaking of this serious depletion of the caribou, and I said this, as reported at page 1603 of *Hansard* for that date:

> At the rate caribou have been depleting in numbers, six years from now there will not be one living caribou in the Northwest Territories.

I went on to say, on the same page, and I was speaking of conservation at that time, suggesting that conservation measures would have to be adopted by the government in order to save these animals which are the lifeblood of the people who live in that area:

> If the natives do not take those caribou—and of course if we are to follow sound conservation policies we shall be obliged to restrict the number of caribou they take—something must be done to feed these people.

I said that something must be done to feed these people if we are to restrict the taking of caribou. These inland Eskimos of the Northwest Territories, as you know, are entirely dependent on caribou. They cannot grow anything in the soil. There are lakes to fish. We do not know how may fish there are. There has never been any survey to ascertain the number of fish. The caribou is the only—not the only, but the prime source of food for these people, and that is what I said at that time. I said also at page 1604:

> Well, Mr. Speaker, I would say to this house that caribou mean no more to the average person in Canada, and I could talk until I am blue in the face, than the buffalo did before the railroads went west. But in my part of the country they are the very lifeblood. We eat this animal. Something has to be done.

What has been done? You have all read newspaper articles which have appeared during the past winter—these I have are from the Winnipeg *Free Press*, and here is one headed "Starvation and Freezing kill Nine Eskimos". There are a number of them, all on the starvation of Eskimos. The government of the day was warned in 1956.

The government of this day has been warned by the reports of the Canadian wildlife service with regard to caribou in that area. A survey has been going on for two years with regard to this serious depletion. When I spoke in 1956 there were 338,000 caribou according to the estimates of the Canadian wildlife service officers in my area, which was 320,000 less than what the population was five years previously. I said at that time—and I repeat it—that in six years, with the way the caribou were being depleted, there will not be a living caribou within the Northwest Territories.

What happened this winter? This winter at Garry lake, at Chantrey inlet and Pelly lake in the Northwest Territories we had, according to newspaper clippings, people dying of starvation. I have had information from Baker Lake indirectly that last August 3 the missionary at Garry lake went into Baker Lake and reported that there were no caribou and very few fish. To most hon. members this probably does not really mean anything. Caribou are taken not only for meat but for clothing. However, it was reported on August 3 that there were no caribou. On August 16 an aircraft went into Pelly and Garry lakes and dropped off food but we do not know what food. I understand it was the family allowance food. With prices at Baker Lake, you know just about how far the family allowance would go. I have no evidence of how much food was left there on August 15.

In December the same report was made: No caribou; very few fish; the people in dire circumstances; near starvation. On December 15 another aircraft went out and dropped off food. I might say that it dropped off food without contacting the Eskimos. It dropped it off on the trail or in some building between Pelly lake and Garry lake, in a cache, in a building, without contacting the Eskimos. What happened? On December 15 they got this food. The newspaper articles, all written

in April, May and June, report there was starvation amongst these Eskimos.

The other day the minister, when I asked him whether an inquest had been held, said that there was no formal inquest, not as they are held in the provinces, but that some sort of inquest was held. From the sessional papers I find that there was an inquest. I do not see any reason why inquests should be any different in the Northwest Territories from what they are in the provinces. As a matter of fact, this is the first time I have ever heard of one. But in this evidence, which is very vague I might say, we find that the coroner took charge of this inquest. He named the people who died. Then the R.C.M.P. constable at that post gave a statement which, as far as the evidence is concerned, started on April 24. I think I should read into the record the evidence of this inquest. In this evidence there are only two people who have statements. That is all we have. The first witness is Corporal V. D. R. Wilson. The report reads as follows:

Corporal V.D.R. Wilson, R.C.M.P., Baker Lake detachment of the said Northwest Territories being sworn, saith:

On April 24th, 1958, I patrolled to Pelly lake airstrip in aircraft CF-GOV. At Pelly lake I met Tinark E2-304 and Kokshout E2-302.

That number is the one on the tag that they put on all Eskimos in the Northwest Territories.

These men told me that a number of Eskimos in the Garry lake area had died of starvation in February and March and that most of the Eskimos were hungry. Tinark told me that the building containing food supplies had burned down in February with the loss of all supplies remaining in the building. I obtained a list of the names of people who had died. I returned to Baker Lake in aircraft CF-GOV.

On April 26th, 1958,—

That is two days later.

—I patrolled to Pelly lake airstrip in aircraft CF-MPP.

That is an R.C.M.P. aircraft.

I took in a supply of food and left the food with Tinark and Kokshout. I obtained further evidence from Tinark about the events of the winter. I returned to Baker Lake in aircraft CF-MPP.

On May 6, 1958,—

Which was ten days or more later.

—I patrolled to the Garry lake area in an R.C.A.F. Otter aircraft. With the assistance of Tinark I located the bodies of twelve of the deceased persons. On June 1st, 1958,—

Which was just about a month later.

—I patrolled to the Garry lake area in an R.C.A.F. Otter and arranged evacuation of the twelve bodies to Baker Lake.

On June 5th, 1958, a preliminary inquest was held to view the bodies of the deceased persons. On June 6th, 1958, post-mortem examinations of the bodies were made by Dr. A. C. Wallace, M.D. I have received a copy of report written by Dr. Wallace and I hereby submit this as Exhibit One. In this report Dr. Wallace states that all of the deceased died of starvation and/or exposure; he could find no other likely cause of death.

Then he goes on to say what happened at that particular time in June. With regard to the finding of the bodies he said this:

The body of E2-356 Peewa was found at the Pelly lake airstrip: It was in a small building covered over with a number of mattresses. It was bare from the waist up; there were no shoes on the feet. Arnaoyuk was a small baby.

In this he is referring to each one of the people who had died of starvation.

This body was found in a small cardboard box on a hilltop behind an abandoned Eskimo campsite. The body of E2-326 Kadluk was found wrapped in a mattress cover on a hilltop back of an Eskimo campsite. The body had been placed in the cover after death. The bodies of E2-328 Akkikunga, E2-329 Tutiktok, E2-412 Igupta, E2-453 Poongook and E2-537 Korschout were found in a snow house. The first two named were on the sleeping platform, the others had been buried in a hole dug in the sleeping platform in the snow.

If any hon. member has ever been in an igloo he will know that inside the igloo they build a platform of ice or snow blocks to lie on. Those first three men were reported to have been buried in this platform. They had apparently died first. The other two men died on top of them.

The bodies of E2-327 and E2-507 Kowetalik were found in the abandoned mission building at Pelly lake. They were on a bed covered with a sleeping bag. The body of E2-353 Itteroyuk was found on the ice at Garry lake. It was face down in the snow and completely clothed. He appeared to have died while walking.

I imagine this means he had apparently died while he was out walking.

The body of E2-277 Nearkook was found on a hilltop near an Eskimo camp site where it had been placed by other Eskimos. The bodies of E2-590 Sibviark and E2-571 Sirkrinerk, both small children, were located near Garry lake by the special constables.

This was the evidence of the R.C.M.P. at the inquest. The only other evidence was given by an Eskimo whose number is E2-304 Tinark—the man who was referred to in the police evidence—the man with whom the food was left on April 24. He said this:

During the winter of 1957-58 I lived on the shore of Garry lake south of the R.C. mission building. There were not many caribou during the winter and the fishing was not very good. There was a supply of store food in a building at Pelly lake and I looked after this food although I was not at the building all the time.

Apparently he was the caretaker and the man in charge of this food.

Because there were few caribou and the fishing was not good the food in the building was used up quickly. All the people were hungry. They were not sick, except with colds. Our clothing was not very good.

The plane brought us food in December and this food lasted until February. It was stored in the small building at Pelly lake. Everyone got food from this building. If they had fox skins, they bought food and left the skins as payment. If they had no fox skins, they took the food they needed and left no payment. Sometime in February the building with the food burned down. There was not a lot of food left in it but there was tobacco, tea, fat, ammunition; also food belonging to the R.C.M.P. at Baker Lake and some dog food. I was told that Peewa had come to the building for food and had stayed in the building for two nights. He tried to light a make-shift gasoline stove in the building and the stove blew up. The building burned down. Most of the people died after the building burned down; during March they died.

I would point out that this Eskimo says that when the building was burned down there was very little food, only tea, tobacco, fat and ammunition.

Near the end of March the plane brought food to Pelly lake and all the Eskimos came in from the camps to get it. The plane came again in April and brought more food because the caribou had not come and the fishing was still not good.

Of course, this was after they had all died—after the starvation period.

During the winter Kadluk had foxes and he got food from the building. He and his family came to my camp in January and February and I gave them food. After the fire Kadluk and his family had all died. They were hungry and could not walk far.

This was the evidence at the inquest. This is all. There were no questions. But I want to know how much food was left in December, the last time contact was made with the Eskimos? Was the amount of food left in December considered enough to last until March 22, the next time they would contact the Eskimos, bearing in mind that the caribou had been decreasing year after year? The people concerned had been warned about it. What plans did they make? Is this the sort of planning that was made for the people who live entirely off caribou? I want to read some of these autopsy reports to the committee: I am not going to read them all: it makes me too sick. Here is one. It refers to the Eskimo Kadluk. He was the man referred to by the Eskimo who had died along with his whole family. We do not know how they died—hunger, I suppose—but as far as the evidence goes, they just died. This is the autopsy report of Dr. Wallace, the clinical history of E2-326 Kadluk:

Clinical history: This 50 year old man was the first of an entire family to perish in the Garry lake area. He is said to have eaten a large amount of dog meat and also some time near the end of February to have fallen in the water. He apparently escaped from this accident and got home successfully. The following day he is said to have had oedema of the arms and legs but complained of no other symptoms. He died a few weeks later. No other history is available of his illness, except that his entire family is said to have been sick from eating dog meat.

External appearance: length 5'3", weight 107 lbs. The body is that of a fairly stocky but somewhat emaciated male Eskimo. His outer clothing is missing except for his boots. A full suit of inner caribou clothing is present and in addition a woollen sweater and an underwear vest is worn. There are no mitts. There is a pair of inner and outer caribou boots and in addition a pair of canvas boots covering these. No marks of violence of any type are seen externally. There is practically no subcutaneous fat anywhere and the retro-orbital tissues consist mainly of fibrous watery material. In spite of the lack of fat the body appears fairly muscular. Small white pimples are present on the arms.

They are all the same. It is criminal.

The Deputy Chairman: Order. I must advise the hon. member his time has expired.

Some hon. Members: No.

The Deputy Chairman: Has the hon. member the unanimous consent of the committee to continue?

Some hon. Members: Agreed.

Mr. Hardie: Mr. Chairman, I shall not read all of this report but I wish to choose a few excerpts to illustrate how serious this matter is. I ask hon. gentlemen of this committee to consider this thought. Let us imagine that 14 people in this chamber occupying seven seats were to starve to death. That does not sound very serious, does it? It is a simple statement of fact to say that 14 people have starved to death. But we in Canada have little personal experience with death as a result of starvation. We speak of people starving to death in the Far East or in the Arctic and there is no real or personal association in our minds. But if 14 people in any part of Canada other than that part which I have the honour to represent were to die of starvation the entire country would be aroused in indignation that conditions of this kind could exist in our society at this stage of the development of our country.

I wish to quote again from a report describing the circumstances under which a small child died. The report reads as follows:

Akkikunga or Putulik (Female Infant)—E2-609.

The identity of this child appears in some doubt, but Putulik E2-609 is listed in the nurse's notes as being the son of Kadluk. This is a female baby, also identified to my understanding, as one of Kadluk's family.

History: The nurse's notes give the birth date of Putulik as September 2, 1957. The R.C.M.P. notes give the birth date of Akkikunga, which may be the correct identification of this child, as January 1958. The baby is only loosely wrapped in tarpaulin and measures 18 inches in length. The history is that the mother Kabluk had insufficient milk to feed him.

The External Examination: Weight is only four pounds. The baby appears extremely small, wizened and devoid of fat. This child was not examined further; the extremely low weight of the child makes survival even under ideal circumstances a very precarious thing. Under the circumstances prevailing it is concluded the child's weight and nutrition would be incompatible with survival.

In each of these cases the doctor has found that there was no fat on the bodies of these people, no fat even behind the eye balls, and in practically every case the clothing was gone. For instance, in the case of the man who had gone to the food cache to light the stove it is reported that he escaped without his parka. He went to another building in the area because he did not have sufficient clothing to protect him from the cold. It must be remembered that all of these people were in the same position without heat or food. It is stated that he crawled between two mattresses in the shack and he was found frozen there wearing nothing from the waist up. He wore two or three sets of trousers but no footwear. When the minister tables this report it will be available for every hon. member to read. In every case the autopsy reports indicate that nothing was found in the stomachs and intestines of these people except caribou hair. In almost every case it is reported that at the time of death the people were not wearing their caribou clothing which is necessary in that country. I can therefore reach only two conclusions. Either some one removed the clothing from the bodies of these people in order to clothe themselves or the people who died had eaten their clothing, their boots, parkas and the caribou rugs on which they lie in an effort to keep themselves alive.

There is another disturbing aspect to these incidents and to illustrate it I shall refer to the case of the death of Peewa. I have already read the evidence of the Royal Canadian Mounted Police constable who testified that the body was found in a small building covered over with a number of mattresses. It was bare from the waist up and there were no shoes on the feet. The autopsy report refers to Peewa by the name of Arnardjuar, case No. E 2-356. It is the same man because he was in the warehouse fire. Under the heading "External Examination" the autopsy report reads:

All reports agree that this man was frozen following the warehouse fire in February. His age is given as somewhere between 18 and 21 years in various reports. He is said to have been in the warehouse when it took fire and got out but without his parka. He crawled into some mattresses in a nearby building and was later found frozen.

External examination reveals an adult Eskimo measuring five feet three inches in height and weighing 105 pounds. No mitts or gloves are worn and no footwear is present. No clothing is present from the waist up. There are two pairs of canvas trousers, one pair of pyjamas, one pair of tweed trousers and one pair of under pants worn. No caribou clothing was present whatsoever. The left foot has been amputated probably post mortem. The appearance suggests that either wolves or dogs have caused this lesion . . . No other sign of violence are seen and there is no clear evidence of frost bite.

The autopsy report indicates that the left foot was amputated probably after death whereas the Royal Canadian Mounted Police report says there were no shoes on the feet. What happened between the time the R.C.M.P. discovered this man frozen to death between the mattresses and the time the body was removed? The autopsy report suggests that either dogs or wolves caused the lesion and there were no other signs of violence.

This is a matter on which I could speak at considerable length. We have heard the Minister of Northern Affairs and National Resources speak about the great vision of northern development in terms of both material and human potentiality. It disturbs me that in Canada we should see posters, hear radio announcements and television commercials inviting the people of this country to subscribe to an organization called CARE which looks after hungry people in other countries often showing photographs of children with bloated stomachs and protruding ribs when at the same time in our country conditions exist such as those I have placed before the committee this afternoon in which 14 people starved to death.

Do not forget that. This is only one instance; this is Garry lake. What happened all over that area last winter? The minister is smiling. He is going to have an answer for this, I suppose. It does not matter to me what the answer is, no matter what he says we are not going to bring back those who have died. When we are planning for development I think we should do something about these people. I want to read from the evidence given when the estimates of the department were before the committee on mines, forests and waters. In regard to this matter the minister said this, as reported at page 152 of the evidence and proceedings of the committee on mines, forests and waters:

If an Eskimo is in trouble in any part of the territory, no matter how remote, this is our responsibility right here in Ottawa.

I will leave it at that. First, we have to realize and we do realize, and the minister realizes as well as I do, that the development of northern Canada has to take in human development. It has to look after the problems facing our native peoples in that area. Some planning should be done. As I said in 1956, if there are no caribou in

that area, why leave the people there? Move them to an area where they can live. If there are no caribou and they cannot live off the land, move them to where there is something on which they can live, namely fish or white whale or whatever it might be. But do something about this vision and do something for the poor people of the country so that they will not die from starvation, cold and lack of clothing or because the caribou have not come.

Just imagine yourself out a thousand miles from nowhere, with no food, and building a snow house and nothing in it to eat, no light, nothing. Put yourself in their position. Finally, you have to start eating the caribou hide that you have to lie on and your parka that you have to wear in order to live. This, Mr. Chairman, is a serious matter. It is a matter that should be looked into. It should have been looked into before. The minister knows that I have read speeches of his in which he has talked about the decline of the caribou. As I said before, we have to plan to look after not only the material development of our north country but also the human development.

Mr. Hamilton (Qu'Appelle): Mr. Chairman, I think the remarks of the hon. member for Mackenzie River express what has been said on several occasions before by various members of the Department of Northern Affairs and National Resources about the seriousness of adjusting the few hundred Eskimos who live in this vast area of Keewatin to the fact that the caribou supply has almost finished, if it is not finished for all practical purposes.

Just three weeks ago, at the opening of the Northwest Territories council meeting here in Ottawa, the commissioner of the Northwest Territories told this whole sombre story to the members of that council and outlined to them some of the things that we had in action and some of the things that we would have to do. I think the committee will be pleased to learn that this matter has not gone on without full awareness and heartburning on the part of the members of the Department of Northern Affairs and National Resources. I think I made very clear to the members of the committee on mines, forests and waters that the human resources of the north must be preserved not only for the material advantage that would come from their proper use but also because we are dealing with our fellowmen.

When I look over the story of what has been accomplished I know it is but a small beginning, but I will let the committee judge whether this matter of the starvation of people, which is a recurring thing in the north, has gone unnoticed. I might add a personal note. If any person wants to read the diaries of Samuel Hearne, the first white man who went through this area, of his three trips to Coppermine, he will find the same story of privation and starvation is told there.

Mr. Hardie: I hope the government has done something since Hearne's time.

Mr. Hamilton (Qu'Appelle): The hon. member for Mackenzie River made a very moving speech, and I sat here and made no interruptions. The whole committee listened attentively because their hearts were moved by the story he told. I would like a chance just to say something, without any appeal to the emotions, on what has been done. Last year the department set up a team of biologists and wild life experts to follow the remaining caribou herds, for several reasons. One was to let the Indians and the Eskimos know where the migrations were moving, which would give them a better chance to intercept them at the crossing places over the rivers and other places where they go. Second, they are trying to find out what is the cause of the drop in the number of calves each year as opposed to the normal drop.

Then there is a second type of activity which was carried on last year, and which is still continuing. The three prairie provinces, the government of the Northwest Territories and the federal government have been meeting and working out some form of co-ordinated program to make certain that what is left of the caribou herds is reserved as much as possible and, as well we can possibly manage, for the use of those who rely entirely on the caribou. These are the two things that were started by the department last year for dealing with the shortage of caribou at the present time.

There is a list of six or seven things that I should like to mention. I think everybody in the committee realizes that the area dealt with by the hon. member for Mackenzie River, generally speaking, concerns the Keewatin area, which is the area west of Hudson bay and extending through the tundra to the forest lands close to the Mackenzie. In this area there are only a few hundred Eskimos, who are nomadic people, and who have existed and survived there with the greatest of difficulty for many centuries. Only a few have survived, and it is one of the great stories of mankind that the human mind and the human body can stand what they have stood. But they are there. Their traditional food, which is caribou, is disappearing.

These are some of the things that we are doing to meet the situation as outlined by and which is inherent in the remarks of the hon member for Mackenzie River. The first thing

that I have on my list is that we are moving them into settlements where we can look after them. The newest one is at Tavani on the west coast of Hudson bay. In the first stages it will only look after 100 of these Eskimos but it is a start. The matter of moving buildings in there and of getting people to man the staffs is a problem of the department and we are meeting it.

The second thing is that we have arranged with the Royal Canadian Mounted Police in the last few weeks to co-ordinate their patrols of the area with our northern service officers. The third thing is that we are trying to arrange at the present time for an extra aircraft which can be devoted to going to the relief of these nomadic bands of a few families who move around looking for the caribou and fish that are available. The fourth thing that we are moving toward is the setting up of caches of food. These will be supervised caches because I think the house will recognize that if we set up unsupervised caches these nomadic people would live on the caches and, of course, that would destroy the very thing we are trying to maintain, namely their traditional independence and their ability to look after themselves. I will come back to the actual details of Garry lake in a moment.

The fifth thing we are doing is a federal responsibility and there is no sidestepping it. At their last meeting the Northwest Territories council did something which I think is commendable. They have taken steps in the Mackenzie river delta area to set up a co-operative program whereby the Indians and Eskimos, traditional enemies of the north, will work together to share trapping areas in the district. The sixth thing on the list is the question of providing people to supervise and look after these vast areas with so few inhabitants.

When the hon. member for Mackenzie River spoke in 1956 and complained about the lack of action of the previous administration there were two northern service officers in this area. Last year we got the number up to three. This year the house will be glad to know that we are getting two more and if we did not get so much opposition at times on the question of a deficit I would hope that we could extend that step by step and make certain that there are trained officials in the area who can handle the problem. The increase in staff I have just mentioned does not include other departments such as the R.C.M.P. which has eight constables in the area. We are hoping with this slight increase in staff, with co-ordination between ourselves and the R.C.M.P. and with the help of local people such as missionaries and fur traders in the area to set up caches in various parts which will be supervised and which the Eskimos will be aware exist. With such caches under the jurisdiction and control of people who will represent us in looking after them we hope that the starvation which occurred in two or three places in the Northwest Territories last winter will not be repeated.

But I should like to tell the house that we have no assurance whatsoever that in an area which the hon. member has described as a thousand miles from nowhere that we can completely prevent the starvation of family groups in that area. Family groups can exist just 20 miles from a cache of food and still starve. The person who has control of that cache, whether it is a Roman Catholic missionary as it was at Garry lake or somebody else, will have no awareness of what is going on just a few miles away if there is not this connection between the two.

I might mention that at the present time the department has no planes of its own. We have to use planes of other departments and we have their co-operation. I might also mention that a northern service officer in this district has provided his own plane to try to serve these people better and I think that demonstrates the dedication of these few, gallant men of our northern service who are trying to meet these tremendous problems. We do pay, of course, a gasoline allowance for the plane.

I think I have given a survey which illustrates very clearly that we are moving to meet the problem raised by the hon. member for Mackenzie River. I should like to repeat that the problem has not been kept secret. When you read the speech of the commissioner of the Northwest Territories to the council meeting here on July 14 and realize that out of 12⅓ pages over 8 pages deal with the very difficult problem of the Eskimos, for which the Northwest Territories council accepts full responsibility for the handling of this matter on behalf of the federal government, I think you will realize that the department, to the very limit of the human resources of the department, has tried to meet this situation.

It is true that in this vast area, and having regard to the sum of money we are allowed to spend, there have been serious episodes like the one we heard described in such a harrowing fashion. I can only assure the house that the department will do its level best to make sure that this type of thing will not happen in the future.

Mr. Martin (Timmins): Mr. Chairman, I had the privilege this year of serving on

the committee that dealt with the Department of Northern Affairs and National Resources, and first of all I should like to say what a pleasure it was to work with that committee. As was pointed out by the minister, the attendance of members showed the interest that they had in the committee. I should also like to remark at this time on the enthusiasm for his department that is so apparent in the Minister of Northern Affairs and National Resources. He appears to be completely dedicated and certainly seems to have really tied into his job in an endeavour to do it to the best of his ability. In fact, I think it became quite obvious to various members of the committee that the minister was indeed the creator of the vision that we have heard so much about in the last few months. I believe we can give him full marks for being the one who sold it to the Prime Minister who propounded it across the country with such vigour and, indeed, such success.

However, during the quite lengthy statement that the minister made at the first meeting of the standing committee we also saw something else, that apparently the minister and the department have a very clear view of the problems facing the department with respect to northern development. It was quite apparent from his statement, and I intend to make several references to it, that they recognize just what is the big and important problem that we face. But, of course, to recognize a problem is not to find a solution and I must say that where I have to differ with the minister and the government is with respect to the solution they propose with regard to northern development. To illustrate what I have said about the minister recognizing the problems, I should like to refer to page 11 of the minutes of proceedings and evidence of the standing committee on mines, forests and waters where I find the following in the minister's statement:

> To be very blunt about it, if you go back to the experience of the second world war you will find that the American government was very much concerned about the rapid depletion of their strategic resources and there was set up a presidential committee in that country to examine into this matter. This committee reported in 1952 and their report is known as the Paley report. The Paley report says in plain English that the resources of the United States of America are not unlimited and that, at the present time, they are in a deficit position so far as total resources are concerned to maintain their industrial economy. Naturally they have to seek out reserves both of energy and mineral resources in every land.

That was a very clear recognition of the fact that our neighbours to the south, in the very short period of approximately 50 years, will see the end of their vast natural resources. We go to the next page, where the minister points out, and I quote:

> —we are the nation on the northern half of this continent and we want to make certain that the interests, not only of the present generation, are protected, but that the interests of generations unborn will also be preserved.

Certainly, Mr. Chairman, that is one of the very important and very grave responsibilities which this government has today. We have to think not only of ourselves, but we have to think, as has not been done unfortunately in the past, of generations that will come after us. The minister continues:

> —so that we can work out an attack on this problem of building a nation of from 50 millions to 100 millions of people based on a concept which I think I would like to call the conservation concept.

There, of course, is the key to the whole situation. In this country we have to embark on a program of conservation such as this North American continent, unfortunately, has not seen in the past. He goes on:

> If I might interrupt my thoughts for a moment to suggest that if the American people had to relive the nineteenth century over again knowing what they now know about their economic history, they would not have had to wait until the turn of the nineteenth century to start these great conservation methods that their nation has now embarked upon.

In other words if they, in the United States, had realized, as we have the opportunity of realizing today, what the situation was they would not be locking the door after the horse had been stolen but would have, as we have a chance to do, taken some precautions before the theft took place. I continue to quote from the minister's remarks:

> We in Canada, whether because an act of grace, or because of our geographical location, or simply as a result of inertia, have not had our resources depleted so widely as the American resources have been depleted, without plan.

Now, there is a strange statement to come from a Conservative cabinet minister. Generally we look for a statement of that nature from the so-called planning socialists. I should like to compliment the minister once more on his grasp of the situation. He said:

> We may have, either by the grace of God, or by our own inertia, been saved from having misused our resources.

Certainly there again we find a recognition of what is happening and what we have seen happening south of us over the last number of years. Then, the minister said:

> I would like to go back to our own country. I do think that if the people who now live in the central provinces, particularly in Ontario, had to relive the last 100 years, knowing now what they knew then, great changes would be made in the planning and use of resources. There is no question of attaching blame for this at all. It is simply that

we have a determination to avoid these mistakes, if possible, in our country as far as the future development and efficient use of those resources.

We do not have to go very far beyond this capital city of Ottawa to see a striking example of that very thing to which the minister has referred. We had at one time, within a distance of 200 or 300 miles, one of the greatest stands of white pine possibly in the world. Today, like the caribou of the north country, this white pine is practically extinct. Surely that is a shining example of something we cannot afford to have happen in this country. There was a time possibly when the resources of this country were believed to be unlimited. We could permit people to go through and ravish the countryside for miles and miles, and what did it matter? There was lots of undeveloped country farther along. Certainly we have had it demonstrated to us that that is not the case. At one time the people of the United States thought the same thing, that their resources were unlimited; that it was quite all right to allow people to run riot across the country because there was always the horizon beckoning them farther along. Certainly, that is not so and I, for one, am pleased to see that the minister realizes it is not so. He goes on to say:

Because we have great reserves of minerals of all kinds, Canada is a great centre of interest in an economico-political way. For that reason, some consideration and logic had to come in respect of exploitation of these resources.

Mr. Chairman, I say it is about time we got some reason and logic into the use and exploitation of our resources in this country. On page 20 of the report we find the following remarks:

—there is no use in doing all this work if there is not some thought given to a long range conservation concept of the most efficient use of those resources.

A little farther down, in the second paragraph, he said:

—I want to make it clear that unless we formulate a plan for the use of our resources we may lose the long range strategic necessity of having control of those resources in our hands, either for world use, or for people over the world, or most effective use in the North American economic picture.

In these remarks of the minister which I have quoted, as I said at the start, he appears to have a true and complete grasp of the situation. The problem is recognized but then, Mr. Chairman, we come to the question of a solution. In the remarks of the minister, and in the further discussion that took place at meetings of the committee, I am afraid the only indication of a solution offered by this government was that the taxpayers of this country should put up the money to open up this country, and then we should turn it over to the same people described in the minister's remarks who ravished the resources of the country to the south. Is that a solution? In the process of the depletion of the resources of the United States in the last number of years, at least these people developed the country themselves. These people who made the mistakes that the minister pointed out so well, mistakes that we cannot allow to happen in this country, will be the ones who will develop these resources here. According to the minister's plan we are going to develop the country, open it up, and hand it over to them on a silver platter with no curbs or checks whatever to prevent them doing the same thing as we have seen them do to the south of us.

I refer to the remarks of the minister on page 19:

And if we, in our planning can put certain facts and figures before the people of Canada either in the form of energy figures, the willingness to build roads, or railways, or sea routes, or water routes, or air routes, then we are providing for these capital goods within the function of government—power, communication and transportation—to allow private enterprise to go in and develop these resources.

I ask you, Mr. Chairman, is that a solution? This government has done an excellent job on facing up to what the problems are, but what is the solution? This vision of this northern development, as outlined by the minister so well and so enthusiastically to this committee, could be, if properly handled, the greatest boon that this country has ever seen. The proper precautions should be taken to prohibit the same thing happening that he pointed out had happened in the country to the south of us. If, on the other hand, the taxpayers of Canada are going to have to put up the money to open up this country and hand it over to the same people to do the same thing as they did in the country to the south, then I am afraid I will have to say that would be the biggest sellout that this country has ever seen.

Mr. Hamilton (Qu'Appelle): I do not want to enter into a debate of this kind on the relative merits of private enterprise and socialism. However, I think the hon. member for Timmins has been very kind to me and I think he would appreciate it if I just say one word that I think would add a little bit to his understanding of what I said in the committee. I made it very clear that I considered it to be the responsibility of government to provide those capital goods such as railroads and power which are the type of things that seem to fall under the category of things that should be provided by the government. But I also made it equally clear that any time we open up any country and any successful operation developed that we

have a very heavy tax in this country called the corporation tax which takes half the profit. I pointed out the merits of the idea. If you spend $5 million or $6 million of the taxpayers' money which will trigger off several hundred million dollars worth of investment of private enterprise backing and so on for opening up our natural resources and if that operation is successful and if they make a profit, we would get half the profit through the corporation tax. I pointed out my strong belief that for every dollar the taxpayer is asked to spend in opening up this northern country, all the rest of Canada would benefit many times over.

The second point in my reply is purely political and not designed to stir up any trouble or anything like that. I happen to come from the province of Saskatchewan and I have seen the group of people who form the government there move into the development of resources with a socialistic attitude at the beginning. Then, because the experience they were obliged to face up to brought a difference of conditions from those that existed previously, they have changed their thinking around entirely. I should just like to point out that the premier of the province of Saskatchewan is on public record with a letter to all the oil and gas companies saying that his government would never think of expropriating or taking over the oil and gas companies if they come into Saskatchewan. The provincial treasurer, Mr. Clarence Fines, is also on public record as saying that he would not stay in a government which took any part in the development of natural resources and that this matter should be left to private enterprise.

The third subsection of this political answer which I hope does not stir up a political argument is that these people who are very sincerely interested in bringing in social enterprise in Saskatchewan are withdrawing from the crown corporations for the very simple reason that experience has taught them that it is very difficult to go into competitive business. I may say quite frankly that I appreciate their very practical nature in adapting themselves to conditions as they are and not as they hoped they would be. I hope that this answer has not precipitated an academic debate on this subject. I just wanted to make it clear that we were not using the taxpayers' money to open up a great resources area in order for a few people to exploit them. The profits will come to all the people of Canada. I think I made it abundantly clear in the house when I spoke that the people in the central parts of Canada will be the chief beneficiaries of this development program at the first stages.

Mr. Martin (Timmins): If I may, I should just like to say a word. I hope that the minister did not get the interpretation that I was advocating that the federal government should go in as a national industry and open up these resources. What I was advocating merely was that some provision be made or some control be kept in order to prevent the same thing happening here as has happened in the United States because apparently these measures that the minister outlined have applied in the United States and have not prevented it from happening there.

Mr. Hamilton (Qu'Appelle): I think we are in agreement on that point. We will use the regulations as we have them and they are being amended. They are also amended in so far as gas and oil regulations are concerned. We are now starting work on the quartz mining regulations. All these resources will be looked at in the light that we are merely looking after the resources in the Northwest Territories as a public trust for the people who will live in that part of the country in the future.

Mr. Granger: I should like to ask the minister whether his department assumes the same responsibility for the Eskimos' welfare in the provinces as it does in the territories?

Mr. Hamilton (Qu'Appelle): I am informed that in Newfoundland the situation is a little bit different from that in the rest of Canada. I am informed that at the time of confederation with Newfoundland special arrangements were made with the new province whereby financial considerations were given in return for the province of Newfoundland looking after the Eskimos as well as the Indians. However, in the province of Quebec and to a limited degree in the province of Manitoba the federal government has responsibility for the Eskimos.

Mr. Pickersgill: I wonder whether the hon. member for Grand Falls-White Bay-Labrador would permit me to ask a question.

Mr. Granger: Yes.

Mr. Pickersgill: I should like to ask the minister to give a little bit more consideration to the answer he has given and to give a more extended answer the next time his estimates are up for consideration.

Mr. Granger: If I may, I should like to follow that question with another question. I wonder whether the minister can tell me what proposals he has received from the province of Newfoundland with regard to particular roads to resources? I think that is a fair question.

Mr. Hamilton (Qu'Appelle): The policy position that I took in the committee is one that I should like to keep here, namely that when an hon. member asks me about a particular road, I will give him the information if it has been approved and agreed upon between the two parties. But if it has not been agreed upon and it is still a matter of discussion between the two governments, I think it would be better not to say anything about it.

Mr. Granger: I should like to thank the minister for his answer. That is fair enough. As it is practically six o'clock, Mr. Chairman, I wonder whether I may call it that before I continue with my oration.

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

BUSINESS OF THE HOUSE

Mr. Pickersgill: I wonder whether the house leader would be good enough, for the convenience of hon. members, to indicate again the order of the business for Monday so that it will be in today's *Hansard* and whether, at the same time, he could give an assurance that none of the finance bills will be taken up until Tuesday.

Mr. Green: Yes, Mr. Speaker; I shall be glad to give that assurance. It is the intention to go on with the items standing in the name of the Minister of Finance on Tuesday.

Mr. Pickersgill: Regardless of the progress made on Monday?

Mr. Green: Yes; I think so. On Monday we shall start with items Nos. 18 and 21 on today's order paper, both of which stand in the name of the Prime Minister, the first having to do with a simultaneous translation system and the second with the federal district commission. Then we shall take item No. 1 on today's paper, which has to do with the setting up of a lakehead harbour commission; then item No. 7, which is a minor Senate amendment to the Lake of the Woods Control Board Act, 1921, and stands in the name of the Minister of Northern Affairs and National Resources; then item No. 9, second reading of an act to amend the Indian Act, standing in the name of the Minister of Citizenship and Immigration; then three items in the name of the Minister of Justice, namely Nos. 8, 12 and 17, one being an amendment to the Penitentiary Act, the second an amendment to the Criminal Code and the third a resolution concerning the national parole board; then item No. 20, which is a resolution concerning the Emergency Gold Mining Assistance Act, in the name of the Minister of Mines and Technical Surveys.

At six o'clock the house adjourned, without question put, pursuant to the order of the house passed on August 4.

ANSWER TO QUESTION

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

CANADIAN WHEAT BOARD MEMBERSHIP

Question No. 159—**Mr. Argue:**

1. Who are the members of (a) the Canadian wheat board; (b) the advisory council to the Canadian wheat board?
2. When was each member appointed?
3. With what grain companies is each member presently connected, and in what capacity?
4. With what grain companies was each connected before his appointment, and in what capacity?

Answer by: **Hon. Gordon Churchill (Minister of Trade and Commerce):**

Member—Date of Appointment

1. (a) William C. McNamara, September 15, 1945; William Riddel, August 1, 1950; W. Earle Robertson, November 1, 1953; John T. Dallas, P.C. 1958-981 of July 10, 1958, will assume duties effective September 1, 1958.

(b) John H. Wesson, July 6, 1955; William J. Parker, July 6, 1955; John E. Brownlee, July 6, 1955; Gordon L. Harrold, June 5, 1958; Alfred P. Gleave, June 5, 1958; Arnold W. Platt, June 5, 1958.

2. See answer to question No. 1 above.

3. *John T. Dallas, Continental Grain Company (Canada) Ltd., executive vice-president and director; John H. Wesson, Saskatchewan wheat pool, president; William J. Parker, Manitoba pool elevators, president; John E. Brownlee, United Grain Growers Limited, president and general manager; Gordon L. Harrold, Alberta wheat pool, president.

Not applicable to other members.

*Relinquishing responsibilities with Continental Grain Company (Canada) Ltd. before September 1, 1958.

4. William C. McNamara, Saskatchewan wheat pool, coarse grains sales manager prior to joining the staff of the Canadian wheat board; William Riddel, Saskatchewan wheat pool, assistant general manager; W. Earle Robertson, Federal Grain Co. Limited, assistant general manager; John T. Dallas, Continental Grain Company (Canada) Ltd., executive vice-president and director; John H. Wesson, Saskatchewan wheat pool, president; William J. Parker, Manitoba pool elevators, president; John E. Brownlee, United Grain Growers Limited, president and general manager; Gordon L. Harrold, Alberta wheat pool, president.

Not applicable to other members.

Supply—Items Passed

[The following items were passed in Committee of Supply]:

DEPARTMENT OF PUBLIC PRINTING AND STATIONERY

321. Departmental administration, $612,876.

322. Purchasing, stationery and stores, $1,193,937.

323. Distribution of official documents, $394,663.

324. Printing and binding official publications for sale and distribution to departments and the public, $620,000.

325. Printing of Canada Gazette, $110,000.

326. Printing and binding the annual statutes, $35,000.

327. Plant equipment and replacements, $516,808.

LEGISLATION

The Senate—

The Speaker of the Senate—

181. Allowance in lieu of residence, $3,000.

182. General administration, $686,535.

House of Commons—

The Speaker of the House of Commons—

183. Allowance in lieu of residence, $3,000.

Deputy Speaker of the House of Commons—

184. Allowance in lieu of apartments, $1,500.

185. General administration—estimates of the Clerk, $1,873,265.

186. Estimates of the Sergeant-at-Arms, $859,599.

187. Subscriptions to publications of the commonwealth parliamentary association to be distributed to members of the House of Commons, and to provide for the Canadian share of expenses of the commonwealth parliamentary association, $10,000.

188. Grant to the Canadian North Atlantic Treaty Organization Parliamentary Association, $10,000.

189. To provide hereby, notwithstanding anything contained in the Financial Administration Act or the provisions of the Senate and House of Commons Act respecting the independence of parliament, for the payment out of the consolidated revenue fund to each member of the House of Commons appointed by the governor in council to be a parliamentary assistant (which appointment shall not render such member ineligible or disqualify him as a member of the House of Commons) to assist a minister of the crown in such manner and to such extent as the minister may determine and to represent his department in the House of Commons in the absence of the minister therefrom, a salary of four thousand dollars per annum and pro rata for any period less than a year, $56,000.

190. To provide for an allowance to the Deputy Chairman of Committees, $2,000.

Library of Parliament—

191. General administration, $354,205.

Pensions and other Benefits—

192. Pension to the unmarried sister of the late Colonel Harry Baker, M.P., $700.

House of Commons—

574. Grant to the Canadian North Atlantic Treaty Organization Parliamentary Association—further amount required, $4,000.

HOUSE OF COMMONS

Monday, August 11, 1958

The house met at eleven o'clock.

BUSINESS OF THE HOUSE

MOTION FOR RESTORATION OF PRIVATE BILL TO ORDER PAPER

Mr. Gordon Chown (Winnipeg South) moved:

That Bill No. SD-199, entitled an act for the relief of William Harrison Terry, the preamble of which has been reported as not proven, be placed on the order paper for consideration at the next sitting of the house.

Mr. Winch: Explain.

Mr. Chown: Mr. Speaker, since this bill was considered by the standing committee on miscellaneous private bills further consideration has been given to it by certain members of the committee who feel now that they would like to hear further evidence, particularly of the co-respondent, in order to satisfy themselves that there will not be a gross miscarriage of justice.

In addition, some of them wish to discuss the bill, and they have indicated to the chairman and others on the committee that they wish to discuss it and the evidence thereon on its merits and, for this reason, pursuant to a precedent in the *Journals* of 1931, at page 552, I have made the motion to have it put back on the order paper.

Mr. Winch: Mr. Speaker, we ask that you give a decision as to whether we can consider something the preamble of which is not proven.

Mr. Speaker: Yes. Since I was advised that this motion was to be made I have considered it, and there is precedent for a motion to restore a bill to the order paper which, if accepted, would restore the bill and bring it up for consideration with other private bills.

Motion agreed to.

[*Later:*]

REQUEST FOR ANSWER TO QUESTION ON ORDER PAPER

On the orders of the day:

Hon. Paul Martin (Essex East): With respect to the answer the Secretary of State for External Affairs has just given regarding oil, I would ask him if he would speak to the Secretary of State about a question involving somewhat the same form of interrogation which has stood in my name on the order paper since May 16 and has not been answered.

Hon. Sidney E. Smith (Secretary of State for External Affairs): Mr. Speaker, I do not recall that I have left unanswered any question addressed to me on May 16. I shall look into the matter.

FINANCE

MOTION TO APPROVE EXPENDITURES AUTHORIZED BY SPECIAL WARRANTS

Hon. Donald M. Fleming (Minister of Finance) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

That it is expedient to introduce a measure to approve certain expenditures authorized in respect of the fiscal year ended on March 31, 1958, including those provided for by the special warrants issued by the Governor General pursuant to orders of the governor in council of August 16, 1957 (P.C. 1957-1111), August 19, 1957 (P.C. 1957-1134) and February 7, 1958 (P.C. 1958-222), but not including the expenditures authorized by appropriation acts for that fiscal year; and to authorize the application of certain amounts in the accounts of the said fiscal year.

Motion agreed to.

MOTION FOR PAPERS

RESOURCE ROADS PROGRAM, ONTARIO

Motion No. 15—**Mr. Pickersgill (for Mr. Benidickson):**

For a copy of all correspondence since September 1, 1957, between the federal government and the province of Ontario respecting cost sharing of a roads to resources program.

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, will you have this motion stand? The hon. member for Kenora-Rainy River has asked that it stand each time he has been here, but he is not here today.

Mr. Pickersgill: I am quite willing to have it stand until the hon. member is here.

TRANS-CANADA HIGHWAY

ONTARIO—INQUIRY AS TO DESIGNATION OF NO. 11 HIGHWAY FROM NORTH BAY

On the orders of the day:

Mr. J. A. Habel (Cochrane): Mr. Speaker, I beg leave to direct a question to the Minister of Public Works. Has the Department

of Public Works completed an agreement with the province of Ontario to share the cost on more than one route designated as the trans-Canada highway? If so, is No. 11 highway from North Bay to Cochrane, Kapuskasing, Hearst and Geraldton included in the agreement?

Hon. Howard C. Green (Minister of Public Works): No, there is only one road covered by the agreement, and in that part of Ontario it goes roughly along the north shore of lake Superior.

Hon. L. B. Pearson (Leader of the Opposition): May I ask a supplementary question. Is the minister not aware that a year or so ago the provincial minister of highways promised the people in that area that two trans-Canada highway routes would be designated in that district, one along lake Superior and the other through Chapleau and on to the lake?

Mr. Green: No, I was not aware of that fact. This may have been some of the complicated work done by the former federal government.

Mr. Pearson: No, Mr. Speaker, it was not. It was done by the provincial government and announced by the provincial minister.

TRADE

OIL—REPRESENTATIONS RESPECTING REMOVAL OF U.S. RESTRICTIONS ON IMPORTS

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I should like to address a question to the Secretary of State for External Affairs. Has the minister's attention been drawn to a press report of a letter written by Congressman Coffin to President Eisenhower urging him to remove United States restrictions against the importation of Canadian oil? Has Canada made further representations subsequent to the publishing of this letter, and can the minister say whether progress is now being made toward the lifting of these restrictions?

Hon. Sidney E. Smith (Secretary of State for External Affairs): I desire to express my thanks to the hon. member for sending me a copy of this question. In reply I can say that my attention has been drawn to the text of that letter, and I have read it with great gratification. I am glad to be able to say also that it is very closely in accord with the views of the Canadian government. With respect to representations, the latest occasion on which the government put its views in this matter before the government of the United States was in a note dated June 23, 1958. The matter was also raised during President Eisenhower's visit to Ottawa in early July. It is our hope that the representations we have made on a number of occasions and the support which our views have now been given by Congressman Coffin will lead to the removal as soon as possible of United States import restrictions against Canadian oil.

EXTERNAL AFFAIRS

JORDAN—INQUIRY AS TO EVACUATION OF CANADIANS

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, has the Secretary of State for External Affairs anything to say about the announcement by the United States government that it has requested citizens of United States nationality to leave Jordan? What preparations or arrangements are being made by the government of Canada for Canadian nationals in Jordan?

Hon. Sidney E. Smith (Secretary of State for External Affairs): Mr. Speaker, Canada has no official representation in Jordan. Precautions taken concerning the protection of Canadian citizens in Jordan and their possible evacuation in times of emergency are:

1. They were requested some time ago to register with the British mission in Amman.

2. Warnings to leave given by the British mission would include the nine registered Canadians and other British subjects in Jordan.

3. Advantage could be taken by Canadians of both British and United States facilities for evacuation.

The decision for evacuating Canadians and other British subjects from Jordan rests, as far as we are concerned, with the United Kingdom ambassador in Amman, and does not depend upon warnings issued by the United States authorities to its nationals to leave the country.

Hon. L. B. Pearson (Leader of the Opposition): Does the Secretary of State for External Affairs not realize that the hon. member for Essex East will soon be in that area, and that every effort should be made to protect him?

Mr. Fleming (Eglinton): Rather, every effort should be made to protect that area.

PUGWASH, N.S.—CANADIAN REPRESENTATION AT CONFERENCE

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I regret having once again to disturb the equanimity of the Secretary of State for External Affairs on a Monday morning by

asking him a question. According to a Canadian Press dispatch dated August 10, Premier Robert Stanfield of Nova Scotia welcomed 14 British and United States "thinkers" at the opening of a conference, called by Cyrus Eaton, at Pugwash, Nova Scotia.

Can the minister inform the house if any "thinkers" from his department received an invitation to attend, or are any of his departmental "thinkers" attending as observers at this conference?

Hon. Sidney E. Smith (Secretary of State for External Affairs): I would urge the hon. member not to be too worried about disturbing my equanimity on a Monday morning. With respect to this conference, I can say that we have no knowledge of the holding of the conference, and therefore we have not received in the department any invitation for any representative of the department to attend. Now, there is nothing in this reply, Mr. Speaker, that could be taken to suggest or imply that there are no "thinkers" in the Department of External Affairs.

NORTHERN AFFAIRS

ESKIMOS—STATEMENT ON ACTIONS TAKEN BY R.C.A.F.

On the orders of the day:

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, on Saturday last the hon. member for Mackenzie River asked if the R.C.A.F. had made any report with regard to the starvation of Eskimos at Garry lake.

I am now informed that following a request received from the R.C.M.P. on May 30, an R.C.A.F. Dakota based at Winnipeg airlifted a doctor from Fort Churchill to Baker Lake southeast of Garry lake. Subsequently this aircraft transported some 50 surviving natives from Garry lake to Baker Lake. The operation was completed on June 2. The R.C.A.F. also brought out some of the bodies from Garry lake to Baker Lake so the doctor could perform autopsies in an effort to ascertain the cause of death of the 16 Eskimos.

Mr. M. A. Hardie (Mackenzie River): As a supplementary question, may I ask if the minister has a report, not of the events taking place from May 30 up to sometime in June, but with regard to a trip the R.C.A.F. made on March 22 to Garry lake?

Mr. Pearkes: No, I have no report on that.

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INQUIRY FOR RETURN

BEAM STATION ROAD, TERRACE AIRPORT, B.C.

On the orders of the day:

Hon. George H. Hees (Minister of Transport): On Saturday the hon. member for Skeena asked me if I could give some information regarding a motion for the production of papers which was passed on July 7 concerning the beam station road. Since correspondence with the provincial government of British Columbia was involved, among other things, we wrote to that government after the motion was passed asking their concurrence in the tabling of this portion of the correspondence. No reply having been received, we have now sent a further follow-up letter asking for a reply. This, however, is the reason for the delay in the production of papers.

HOUSE OF COMMONS

MOTION TO APPROVE INSTALLATION OF SIMULTANEOUS TRANSLATION SYSTEM

Right Hon. J. G. Diefenbaker (Prime Minister) moved:

That this house do approve the installation of a simultaneous translation system in this chamber and that Mr. Speaker be authorized to make arrangements necessary to instal and operate it.

He said: For quite a number of years, Mr. Speaker, from time to time there have been representations made on behalf of the establishment in this chamber of a simultaneous translation system. This goes back some years, and I recall that in 1952 or 1953 there were rumours, which apparently had a sound basis, that consideration was being given to action in this regard. However, nothing was done during the intervening years, though on more than one occasion various members advocated the necessity of the establishment of such a system, to the end that members in the house would be able to follow and understand everything that was being said by the member who, at the moment was speaking. As you will recall, on November 25, 1957, the then hon. member for Joliette-L'Assomption-Montcalm moved:

That, in the opinion of this house, the government should take into consideration the advisability of setting up a special committee of parliament for the purpose of considering the establishment of a system of simultaneous translation—

Various hon. members spoke on that occasion. The essence of the motion was that a committee of parliament give consideration to the establishment of the system in question.

As all hon. members know, simultaneous translation has been in effect in the United

Nations since that body was established, according to the information I have, as well as in this chamber in the autumn of 1957 when the international postal congress met here. With regard to the latter experience I am going to say nothing. That matter was dealt with at length during the course of the debate to which I have referred and which took place in this house respecting the setting up of the committee. It was dealt with at length by the then postmaster general, who pointed out the benefits of the plan and also some of the inherent difficulties that were experienced by that conference.

As far back as May 22, 1956, the junior chamber of commerce in a brief delivered to the then speaker of the House of Commons, advocated such a system as well. I have before me an extract from the department of public information of the United Nations in which there is a general summary of the technique applied in that chamber. It says:

> The official languages of the general assembly—and of the United Nations—are Chinese, English, French, Russian, and Spanish; the working languages are English, French and Spanish.
>
> A system of simultaneous interpretation is used in the general assembly auditorium, council chambers and most of the committee rooms. Listeners are provided with earphones which they may tune in to any one of the five official languages.

However, it says this also:

> An interpreter does not translate literally; he renders into another language the ideas and arguments of the speaker, in the speaker's order.
>
> At meetings where the traditional consecutive method of interpretation is used, the speaker's remarks are translated after he has completed his speech.

Even there, as was pointed out during the debate last fall, it has been found difficult to secure the necessary technological skill in translating ability which will permit of simultaneous translation taking place. Because of that fact and in order to assure that if this motion is passed those who will be appointed to discharge the duties and responsibilities in connection with translation may be qualified and trained accordingly, action to this end has been taken. Such action, however, is on a provisional basis pending the outcome of the motion before the house.

Mr. Speaker, as one who through the years has tried to develop some facility in speaking the French language, though without what might be called mediocre success, I have come to a point where I can, speaking generally, follow debates in French provided there are not too many interruptions and dependent also upon the velocity with which the speaker delivers his speech. I can fully understand the position of French speaking members who, I think I can say with entire truthfulness, have on many occasions expressed their feelings on this subject in the course of speeches in this house. They have explained their difficulties in fully expressing themselves in the English language, which course has been made necessary by the large percentage of English speaking members.

There is general agreement that this assembly, now considering this motion, is under our constitution entirely bilingual in character.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: There is, therefore, no reason why the presenting of this motion should have been so long delayed; and the adoption of this motion will be belated recognition of the equality of the two basic languages of this country as related to discussions in this chamber. The motion cannot but benefit all members, in that its adoption will assure that no matter what their language might be, all members may from now on speak with assurance in either English or French, knowing that regardless of the knowledge of the language in question on the part of other members, their views can be completely presented and understood in this house.

I also believe this motion will provide belated recognition of the fact that under our constitution this basic right has been secured and will be maintained as part of our constitutional freedom, and will be regarded as unchangeable and unchanging. This view, I believe, is of the essence in the maintenance of unity within our country. After all, our very confederation came about as a consequence of the partnership between those of French and English origin. Because of that fact everything we can do to ensure the preservation of those basic constitutional rights and the equality of those rights of language should be attained and implemented.

Having said that, I am not going into a general discussion of the benefits that will accrue. I have referred to them in a general way. I believe there has been a very widespread wish and desire on the part of hon. members in this chamber and on the part of members of preceding parliaments for the establishment of this system. For that reason it was considered by the government, following representations that were made from the very first days when we took over the administration of this country, that at this, the very earliest opportunity, action should be taken in this regard.

Therefore on behalf of the government, and I hope with the support of hon. members in all parts of the house, I am placing this measure before the house to the end that by its achievement we will be actually symbolizing

the constitutional provisions of the British North America Act and giving to them within this chamber the authority of this house so that hon. members in general will be able to make an even more complete contribution to the debates of the house than has been previously possible. Instead of reiterating those things and once more covering the ground and arguments that were advanced for the setting up of the committee, I simply rest the case with what I have stated.

(Translation):

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I take great pleasure in supporting this motion.

(Text):

Mr. Speaker, in the absence of simultaneous translation perhaps I had better say that I have just announced my support of this resolution. May I add that this resolution, if it is adopted, will represent a change in the procedures under which we conduct our debates in this house and an alteration of the facilities of the house for such purpose, and I suggest this is the proper way to proceed in a change of this kind.

The Prime Minister has pointed out that hon. members over the years have spoken of their wish for the adoption of a simultaneous translation system, although no formal consideration was given to the matter in this house. As far as I am able to determine, the first time it was placed on the order paper was in the session of 1956, when a resolution dealing with simultaneous translation was put forward by the then hon. member for Roberval, Mr. Georges Villeneuve; but at that time it was not debated. However, as the Prime Minister has indicated, a similar resolution was put on the order paper by the then Liberal member for Joliette-L'Assomption-Montcalm, Mr. Maurice Breton in 1957. That resolution which was debated and carried by the house, called for a special committee to study simultaneous translation in this chamber and also in all parliamentary committees of the house. That study has been made, and this resolution represents the proposed action of the government in respect of it in so far as simultaneous translation in the House of Commons is concerned.

I do not intend to delay action on this matter for any great length of time, because in the discussion which took place on this question on November 25, 1957, in this house beginning at page 1456 of *Hansard* for that date, I expressed my views on this matter the report of which commences at page 1475. I do not think there is any need for me to repeat those views at this time, because I made my own position perfectly clear then.

I hope this resolution will commend itself to all hon. members of the house. It is not only of a practical importance but also of importance in the sense that it recognizes the absolute equality in this house of the two official languages of parliament. That we can all welcome. But it is also a recognition of the disability under which some hon. members of the house labour—and I confess I am one of them, Mr. Speaker—the disability of not being completely fluent in both languages. Perhaps like the Prime Minister, and given a few minutes' notice, I can express myself in if not classic perhaps understandable French and, like him, I have reached the position where I can understand in a general way most of the speeches in the French language in this house. Nevertheless the fact that we have a resolution of this kind on the order paper is unfortunately a recognition that we are not all equally fluent in both languages.

I hope the time will come and that it will not be too long in coming—because I think we are making progress in that direction—when simultaneous translation will not be needed and the facilities for that purpose can be taken out of the house as not needed and moved over to the museum or the public archives. At the present time, however, it will be helpful to have them in the house in that it will enable all hon. members who suffer the disability I have mentioned to follow the debates of this house in the language other than that in which they are fluent. Perhaps it will even add to the progress in bilingualism which is being made in this house.

I have not been here as long as some hon. members, but anyone who has been here for a number of years must have been struck by the fact that very great progress has been made in that regard. The installation of these facilities may also help in that connection, because when a speech is being made in English it will help us to get the French translation if we do not agree with what is being said in English. I am sure we can benefit ourselves through listening to what is being said through the translation.

As the Prime Minister said, a simultaneous translation system has been in operation at the United Nations almost since its inception. It is essential to that organization, and the translation is made in five languages. One thing we have learned at the United Nations, and this was mentioned in the debate last November, is that simultaneous translation is no easy thing to do. Simultaneous translators have to be men of great skill. They have to be trained and indeed to have great knowledge of the two languages. The value of this change if it is made, as we all hope

it will be, would in part at least be nullified if steps are not taken—and I assume they are being taken—to get the right kind of simultaneous translators with the right kind of training.

I recall, Mr. Speaker, that at the United Nations—and this practice began in the United Nations itself—some of the simultaneous translators have been so well trained and are so successful in this art that they can make a person sound infinitely better in another language than his remarks sounded in the language in which it was made. Perhaps that will be our happy experience in this house. If that is the case, perhaps those of us who make speeches would wish to circulate the French translation.

In any event, Mr. Speaker, I rise merely to express my own support and the support of our party for this measure of practical value, of political symbolic importance, a measure which was introduced, I am proud to say, last November 25 by a Liberal member of this house and which is now being embodied in the motion put forward by the government.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, we in the C.C.F. are very pleased to support the motion that is now before the house. Over the years we have recognized bilingual rights in this country as set forth in our constitution. We feel that in a further aspect this is merely fulfilling those parts of our constitution. Simultaneous translation, as has been said, has been operating for a number of years at the United Nations. It has been operating effectively and well. While it is a five-language translation in the United Nations, it will be a two-language translation in the Canadian House of Commons.

I believe it is recognized by every member in this house that Canada's stature in the world has been growing year by year. I think one of the reasons, among many others, is the fact that English speaking Canadians and French speaking Canadians have been and are building a strong nation from the unity that has been created by those two great races. The motion that will be passed today, I am sure with unanimous support in this house, will be a further indication to all peoples in the world that Canada is a tolerant nation. While there may be differences, there is respect and good will.

In this motion members of parliament have recognized important aspects of our constitution, as I have said, and political parties as such are taking further steps to recognize the bilingual nature of our nation.

The C.C.F. party recently had a national convention in the city of Montreal. At that convention we had the use of simultaneous translation, and I believe we were the first political party in Canada to use simultaneous translation as it will be installed in this house, namely earphones and a translator in a booth, the same type of simultaneous translation that is used in the United Nations. This is a further indication that the C.C.F. party recognizes the bilingual nature of our nation.

I might say that the city of Montreal gave our convention a very warm welcome. Some of us were honoured to be entertained by the mayor of Montreal, Senator Sarto Fournier. Members of the convention were invited to a reception arranged and sponsored by Mr. Gerard Picard, president of the Canadian and Catholic Confederation of Labour, and Mr. Roger Prevost, president of the Quebec federation of labour. All our experience in the city of Montreal indicated to us the essentially bilingual nature of our nation and the importance of making a further step as we are doing today.

I do not expect, Mr. Speaker, that this will be the last step in this direction that will be taken by the Canadian House of Commons. As a matter of fact I for one thought we would be making another step, probably during this session. I thought that would be done because of the debate that took place during the last session and the vote that was taken subsequent to the debate on the proposition that cheques issued by the federal government should be bilingual. Hon. members will recall that that vote was almost unanimous, being 167 in favour and only 9 opposed. I suggest to the Prime Minister with great respect that early consideration should be given to progress in this further direction.

Over the years the C.C.F. has recognized the need for further symbols and emblems of the nature of our Canadian society.

Mr. Martin (Essex East): What was the date of that vote?

Mr. Argue: The date was January 31 of this year. It was a vote on a bill which was presented by Dr. Poulin, an independent member of this house.

Mr. Martin (Essex East): Who opposed it?

Mr. Argue: I will not get into the political aspects of who was opposed to the motion, but I think the vote indicates that generally the propositon had full support in this house, because I would suggest that since only nine members opposed it, and it was not opposed by any political party, such a proposition should receive full support at this time.

I was saying that the C.C.F. believe that as the years go by there will be further steps taken to demonstrate growing Canadian unity and I would hope, along the lines of a motion I presented in this house during

last session, that steps will be taken soon to see whether we cannot reach general agreement on a design for a distinctive Canadian flag, which a growing number of Canadians are coming to believe should be adopted.

Some hon. Members: Order.

Mr. Argue: I want to support and agree with the remarks of the Leader of the Opposition where he said that more and more members of this house are learning the French language, and some of us who have made some start in that direction should continue our efforts. All members who do not now speak French should give consideration to learning the French language.

We have had the good fortune of having Professor Edouard Peloquin come to the House of Commons from the city of Montreal. He is able to stay in Ottawa two days during every week for the purpose of providing lessons for members of parliament. I express the hope that the government and Your Honour may consider whether it might be possible to have a bilingual teacher on the staff of the House of Commons available to members so that instruction might be taken by members any day during the week. It is not possible for all of us to attend when these lessons are given because of the great calls made on our time by other things we have to do. I think the government should consider having available a fully qualified bilingual person to give instruction in the French language and also the English language, if there should be need for that to be done, because I believe such a service would be most valuable and would receive full support from members of the house.

We are proud to unite at this time with the Conservative and Liberal parties in supporting a motion which we believe in its very essence is Canadian, and which will receive the overwhelming support of Canadians from the Atlantic to the Pacific.

Mr. Alexis Caron (Hull): Mr. Speaker, as the simultaneous translation system is not yet installed perhaps I might try to say a few words about it in my poor English. The matter has been studied for quite a few years, and I want to thank the government for making the system a reality. It will be of great advantage to many French speaking members of the house who will be able to play their full part in discussion of the business before the house.

There is one thing that may be bad, because up to now the French speaking members in particular have had to make an effort to try to learn a little English to be able to deal with matters brought before the house. Even if what the hon. member who has just spoken has suggested is done it will require effort on the part of those who want to learn a second language to be able to do the work needed for that task, but I hope more people will try to learn a second language.

I know that such systems have been installed at the United Nations and at NATO. Such a system is in effect in Belgium where more than one language is spoken and in Israel, where four or five languages are spoken. All these countries have statesmen and representatives who speak more than one language. When I attended a NATO meeting a couple of years ago I noticed that the representatives of England, France, Portugal, Belgium, Holland, Italy, all the countries represented there, were at least bilingual. They could speak their own language and French, or they could speak their own language and English. I remember that the English representatives could listen to French and answer in English, and did not have to make use of the earphones.

I hope this will become the case in Canada. I hope we will take advantage of the opportunity to learn a second language or speak it better than we do now, so that in future years, as the Leader of the Opposition has said, the translation system may perhaps not be used very much. I know one thing; with such a system you have to have translators who are very good. I remember that I was speaking French one day in the house and the hon. member for Vancouver East asked me to go a little slower so he could try to follow me. I know when I speak in French I forget myself and speak very rapidly. I hope the translators will be able to follow those who speak French rapidly, so that English speaking members will have a good idea what we are saying when we are speaking on a particular subject. Therefore I am very happy to support the motion, and I hope the system will be in operation in the very near future.

There is another point I should like to mention, and that is the possibility of extending the system to the galleries of the house. I know that many French speaking Canadians come here and complain of the fact that the proceedings are almost wholly in English, and they do not understand English enough to be able to follow what is going on. At the United Nations an earphone is attached to every seat in the gallery. The only thing you have to do is turn a button in order to hear the language you want to hear, and thus you are able to follow the debate.

If this is possible at the United Nations, where four or five languages are spoken, it would be much easier to instal similar facilities in the galleries of the house so that

those French speaking persons who do not understand English and are visiting parliament will be able to follow the debates. That applies also to those who speak English; when speeches are made in French they will also be able to follow the debate. They are the people who will be paying for it. The money does not come from our pockets. It will be paid for by the Canadian public, and I hope when the public visit Ottawa they will have the same opportunity as hon. members to follow our debates in French or English.

(Translation):

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, when he put on the order paper a resolution in favour of simultaneous translation, the right hon. Prime Minister of Canada (Mr. Diefenbaker) carried out one of the promises contained in the speech from the throne.

I want to commend him publicly in this house for introducing a bill that will help lead representatives of the two great races in our country, that is all hon. members, to better mutual understanding and appreciation. Thus English-speaking members will be able to follow speeches delivered in French by their French speaking fellow-citizens, and vice versa.

I believe, Mr. Speaker, that this system of simultaneous translation might well prove the greatest step towards national unity since confederation.

I know that, with simultaneous translation, all hon. members in this house will be able to understand one another better. I feel it will impart a new and greater sense of unity. And if Sir John A. Macdonald were living today, I am sure he would support this proposition. I would even say that, if simultaneous translation, if that system, had existed at the time of confederation, I am certain that Sir John A. Macdonald, Sir Georges Etienne Cartier, and all the fathers of confederation, would have favoured its use in parliament.

May I recall at this time part of a highly inspiring address made in this house in 1890 by the most illustrious of all the fathers of confederation, Sir John A. Macdonald, when he defined in these words the spirit of the pact of 1867:

> I have no accord with the desire expressed in some quarters that by any mode whatever there should be an attempt made to oppress the one language or to render it inferior to the other; I believe that would be impossible if it were tried, and it would be foolish and wicked if it were possible. The statement that has been made so often that this is conquered country is *à propos de rien*. Whether it was conquered or ceded, we have a Constitution now under which all British subjects are in a position of absolute equality, having equal rights of every kind—of language, of religion, of property and of person. There is no paramount race in this country; there is no conquered race in this country;

As I said, Mr. Speaker, the Prime Minister, in moving this resolution, promotes, and somehow gives a more concrete form to national unity. I would say that in doing so the right hon. Prime Minister follows the doctrine of Sir John Macdonald. In a word, he favours national unity.

In the past, briefs had been submitted to the former government in favour of simultaneous translation. Need I mention here the brief submitted by the Junior Chamber of Commerce of Canada, with a membership of 25,000. According to a report in the Montreal *Gazette*, on May 23, 1956, the Junior Chamber of Commerce submitted to the Speaker of the House of Commons, then Mr. Louis-René Beaudoin, a request for the installation of a simultaneous translation system in this house.

The principle of national unity will thus be reinforced, and all hon. members of this country will be able to appreciate and understand each other better.

When listening a few moments ago to the hon. member for Hull (Mr. Caron), who had risen in support of this project, I was thinking of his speech in this very house when he said, as can be seen on page 510 of the official record of this house of December 1st, 1953:

> That is why I do not agree with the suggestion that there should be established in this chamber a system of translation similar to that which they have at the United Nations. Such a system would tend to stop efforts to speak the second language. I hope such a system will not be installed in this house.

Well, the House of Commons is not a school for the teaching of French or English. It is a forum for the discussion of all the problems of the Canadian nation. If a member wants to hear a speech in French, or in English, all he will have to do will be to put on his earphones and he will be able to follow what is being said in the other language.

I congratulate the right hon. Prime Minister of Canada who is the symbol of national unity. I congratulate and thank him on behalf of the people of Joliette-L'Assomption-Montcalm.

Mr. Yvon Dupuis (St. Jean-Iberville-Napierville): Mr. Speaker, I do not intend to speak at length about this motion. The leaders of the different parties represented in this House of Commons have just expressed their views and it is now a matter of record that the three parties in this house support the motion for the establishment in this House of Commons of a system of simultaneous translation.

Mr. Speaker, this measure will extend considerably the official recognition of bilingualism in Canada. I have just heard the hon. member for Joliette-L'Assomption-Montcalm (Mr. Pigeon) make one of his typical statements to the effect that this is the most important legislation since confederation, a 100 per cent Duplessis phrase. I have no intention of following him in that vein.

Since all parties are agreed on the basic principle of simultaneous translation here, in this house, I would like to recall also, as was done by the hon. Leader of the Opposition (Mr. Pearson), that Mr. Maurice Breton, distinguished predecessor of the hon. member who just resumed his seat, was the first to advocate the installation of a system such as this, in this house.

(Text):

I should like to congratulate the Leader of the Opposition, who started his speech in French this morning. May I express the opinion that the installation of this new facility will not prevent hon. members who speak English or hon. members who speak French from studying the use of the other official language which is not well known to them. We should use this system to improve our knowledge of both languages and not make it an excuse for our failure to learn the other official language of this country.

(Translation):

Following the hon. members who have spoken, I wish to thank the government for this beneficial piece of legislation.

I know, Mr. Speaker, the problems that face members who live in parts of Canada where only one language is spoken. For those who were born far from the province of Quebec and who, for many years, have heard only the English language, it is surely difficult to learn French. It is quite gratifying to see that many members of the House of Commons, are now taking courses in the French language. They are making considerable efforts to master that language. On the other hand, the same applies to Canadians born in the province of Quebec and living in communities where French Canadians are the majority, since they must make great efforts if they want to learn the English language.

Therefore, Mr. Speaker, I am in favour of this motion. We will all support it in the hope that it will foster national unity in Canada.

Mr. Robert Lafreniere (Quebec-Montmorency): Mr. Speaker, as the representative of the constituency of Quebec-Montmorency in the House of Commons, I have particular reasons for congratulating the government for the concrete step it is taking with regard to the French and English languages, by setting up here a simultaneous translation system. The right hon. Prime Minister (Mr. Diefenbaker) was right in reminding us a moment ago that the British North America Act recognizes both French and English as the two official languages of this country.

The Prime Minister also recalled that, in past years, several members of the house had requested the setting up of a simultaneous translation system. I am happy to note, Mr. Speaker, that this project is now taking shape under the guidance of the present government and that the motion for the setting up of this system of a simultaneous translation has been introduced by the right hon. Prime Minister, who is from Saskatchewan.

Well, Mr. Speaker, I am delighted that so excellent a proposal is being put through.

I wish my hon. friend, the member for Laurier (Mr. Chevrier), were in the house this morning, for I mean to reply to a question he put to me during one of his speeches, expressing surprise at the fact that, in moving the address in reply to the speech from the throne, I had described the Prime Minister as the saviour of confederation. Mr. Speaker, I am glad to point out to hon. members that the present right hon. Prime Minister is not merely a man of words, but of deeds when it comes to giving practical effect to the spirit of confederation.

Mr. D. J. Walker (Rosedale): Mr. Speaker, I am indeed delighted that the right hon. Prime Minister (Mr. Diefenbaker) has decided to propose the setting up of a simultaneous translation system in this house. What a fine, splendid, achievement! We are most gratified at the proposal, Mr. Speaker. However, it is regrettable that in this way we might lose the desire and incentive to learn the beautiful French language. It is unfortunate because in being free to listen to either of two languages at the same time, there is no longer any incentive to learn the language other than our own.

However, Mr. Speaker, both great races in Canada have much in common especially a shared feeling of being part of the same team in the service of the same Queen, humbly working for the same ends.

Mr. Prime Minister, I thank you and congratulate you.

Mr. Gerard Loiselle (St. Ann): Mr. Speaker, I take pleasure in saying a few words this morning on the motion put forward by the right hon. Prime Minister (Mr.

Diefenbaker), about the adoption of a simultaneous translation system in this house.

We know that several hon. members have trouble making out what is being said in English, while a great many others are practically or altogether unable to follow what is being said in French. With simultaneous translation, hon. members from anywhere in Canada will be able to follow the debates with greater interest, to understand them better and to take part in them with constructive suggestions.

Mr. Speaker, I should also like to suggest that seats in the public galleries be likewise equipped with a listening device for this system. A study of the debates on this matter, which took place on January 22, 1957, shows how deeply the former member of Joliette-L'Assomption-Montcalm had studied the question. Incidentally, he said that the cost of earphones for gallery seats was in the neighbourhood of $15 each and, as the galleries seat 626 people, this item cost $9,300.

What is $9,300 for the government of Canada, if it will help visitors get a better understanding of what is going on? Admittedly, many of the visitors understand English only, and many others understand only French. With two-way interpretation, visitors will be able to follow the debates in their own language, understand what is being said and therefore take more interest in the debates.

Recently, I had visitors who do not know English or know very little; I took them to the galleries while an English speaker was expressing his views on a certain problem. Back in my office, those people asked me what the hon. member had said, and what he was talking about. If we had had simultaneous translation in the galleries, those people would have known what the hon. member was saying and requesting for his riding.

It will also be remembered that, some time ago, when that suggestion was first made of introducing simultaneous translation in the house, a brief to that effect was submitted to the previous speaker by the Chamber of Commerce of Canada. I am happy to see that this suggestion, which was initiated not so long ago, is already being implemented, since we are called upon today to pass this motion. As a matter of fact this morning the leaders of the three parties supported the measure and I am convinced that every member of this house is going to support it.

(Text):

Even though I am a French speaking member, Mr. Speaker, I should like to express my opinion in the English language. I should like to congratulate the hon. member for Rosedale who expressed himself in the French language. I should like to congratulate all the members of this chamber who are trying to study the French language. They can be sure that all the French members are doing their best to speak the English language, so that all the members can get along and meet together. If they want to learn their French, they will speak in French; and if we want to learn English, we will speak in English. It will then be a great day for all the members.

(Translation):

Mr. Speaker, I do not propose to dwell unduly on the matter. Everyone seems to favour the resolution, and I am convinced that it is a step forward in the promotion of better understanding between the hon. members of this house and that it will help them make an effective contribution to the business of the house.

Mr. Roland English (Gaspe): Mr. Speaker, having had an opportunity to speak last year in this house on a similar resolution, I would be remiss if, on my own behalf and on behalf of the electors of my riding, I did not rise to express my most sincere thanks to the right hon. Prime Minister (Mr. Diefenbaker). Mr. Speaker, we are starting out today on daily morning sittings and I contend this is a memorable occasion, because the hour we are spending here this morning will long be remembered in the history of Canadian government.

It is good to see the three parties of Canada, and our two great races, join in thanking the right hon. Prime Minister of Canada, and that we all recognize the use of both official languages in this house.

There is no point in blaming any government. There is no point in reviewing the past; rather should we unite in looking at the present and in facing the future. It is indeed gratifying to realize that all agree at last in recognizing that there are two great languages in this country, and it is fitting that the parliament of Canada be provided with a system of simultaneous translation.

Several English-speaking members can speak French; most French-speaking members can speak English. However, when an

English-speaking member rises to speak in this house, it is quite natural that he should feel more at home in his mother tongue, as would a French-speaking member in his own.

Again, I thank the right hon. Prime Minister of Canada. May I also thank and congratulate the representatives of every political party in the house for joining hands in providing this house with a simultaneous translation system.

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, first of all I want to take this opportunity of thanking the right hon. Prime Minister (Mr. Diefenbaker) for his initiative. During the election campaign, and ever since, I have always said that my riding of Brome-Missisquoi is like Canada, on a smaller scale, made up as it is of people of both great races, of both great cultures. That is why I have always contended that my constituency is a little Canada.

On behalf of my electors, as well as on my own behalf, I thank the right hon. Prime Minister. I draw the attention of the house to the fact that I am one of the first English-speaking members ever to be elected in a riding where a majority of the population is French-speaking. That is why I want to take this opportunity of thanking the right hon. Prime Minister on behalf of the electors of Brome-Missisquoi.

(Text):

Mr. Speaker, very briefly I should like to say this. Largely because I am one of the first English speaking members of this house elected by a district of whose people approximately 75 per cent speak the French language, I should like to profit by this occasion to thank the Prime Minister for inaugurating this legislation. I have always said, and I repeat now, that my district is really a little Canada. Its population is mainly made up of people speaking the two languages and having two cultures. In addition we have representatives of all those new Canadians who, of course help to form the real glory and force of Canada. In the name of my electors I would like to say thank you once again to the Prime Minister, and to tell the house how very much this legislation will be welcomed in my district.

Mr. Laurier Regnier (St. Boniface): I should also like to thank the Prime Minister for introducing this legislation. St. Boniface is also a little Canada, but in my area the division between French speaking and English speaking citizens is about fifty-fifty. We also have representatives of the other nationalities who have settled in Canada.

I believe this is a great step toward Canadian unity, and that it will help all Canadians realize that our leader is a true friend of national unity. I would also like to thank the Leader of the Opposition and the hon. member for Assiniboia for the support they have given to this measure.

As the hon. member for Assiniboia has stated, this is but one step in the right direction. I know that other measures will be passed in due course to accomplish a real unity within our country. No one could ever say that this government favours one section of the Canadian people as against another. We are all completely equal, we respect one another and we get along as a single nation though we do speak two basic languages.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I should also like to thank the Prime Minister for having introduced this measure, and to express my pleasure at the support given by this house.

I would like to mention one other matter, however, which I feel might be taken into consideration in relation to the change we are now making. I notice in this connection that the Prime Minister himself sometimes wears one of the small earphones which I have also used on a number of occasions and which I have noticed other members using from time to time. I was wondering whether an extra box could not be added to the simultaneous translation box so that we could still plug into the amplifying set. I have found this set to be useful on many occasions, and I think if just another section could be added it would be advantageous to other hon. members.

Mr. Diefenbaker: Mr. Speaker—

Mr. Speaker: I must inform the house that if the Prime Minister speaks now he will close the debate.

Mr. Diefenbaker: Following the example of the Leader of the Opposition, I do not think I could possibly do better than bring this discussion to an end by saying the following.

(Translation):

In conclusion, I wish to thank all hon. members for their contribution to this debate.

(Text):

Having said that, I would like to mention that over the years—and this goes back for more than 40 years—I have consistently read the French classics, including the works of Moliere, Bossuet and Racine. While I have been able to read and understand them, I have never been able to convey my thoughts spontaneously and without notes in the French language.

I think the house may be interested in an event which took place recently. Henri Laurier, the grand-nephew of Sir Wilfrid Laurier,

knowing my interest in Moliere, made a presentation to me of the complete works of that author. This edition was in both the French and English languages, the French work appearing on the one page while on the opposite page appeared the English translation. The interesting thing was not the fact of this presentation but the fact that on the forepage it bore the notation that the volume came from the library of Sir John A. Macdonald. On another page was revealed the fact that it came to the donor from the estate of Sir Wilfrid Laurier, his grand-uncle, who apparently had received this work after the passing of Sir John A. Macdonald.

That is quite an interesting bit of history. First, Sir John A. Macdonald followed the course of having both English and French works in his library; and second, Sir Wilfrid Laurier, who through the years bore with great distinction the title of Prime Minister of Canada, was never above referring to the great contribution made by Sir John A. Macdonald to confederation and to the people of Canada.

I would like to thank hon. members in all parts of the house for their kind personal references in connection with this motion. While this question has been discussed over the years, for some reason or other there have been continuing delays, and the fact that we have changed our opinions has been illustrated today by the excellent contribution, if I may say so, of the hon. member for Hull. He indicated that he possibly had held some fears that the installation of this system might result in a diminution of the desire on the part of hon. members—or at least might lessen the possibility of achievement—to obtain facility in both languages.

I very well recall a speech the hon. member made in this House of Commons in the year 1953 with reference to this subject. I looked up this speech and it is recorded at page 510 of *Hansard* for December 1, 1953, that he said the following:

> —I do not agree with the suggestion that there should be established in this chamber a system of translation similar to that which they have at the United Nations. Such a system would tend to stop efforts to speak the second language.

That was the considered opinion of the hon. member at that time, and today he very clearly pointed out that he fears the system may have the effect to which he referred in 1953.

With respect to the question as to who first brought this matter before the House of Commons, it would be a valueless pursuit to attempt to ascertain the identity of that person; but in recent years one hon. member who has most strongly brought forward this matter has been the hon. member for Restigouche-Madawaska (Mr. Van Horne). In a speech recorded at page 953 of *Hansard* for February 7, 1956, for instance, he outlined various grievances, as he called them, and said the following:

> I come from a French speaking riding and when I come here I should like to speak in French. I feel there should be translation facilities in the house which would permit every member to hear me in English simultaneously when I speak in French, just as they have at the United Nations.

That the system will be successful I have no doubt. As the hon. member for Hull mentioned, such a system is used in the Israeli parliament, and I had an opportunity to witness its operation in that body. I found this to be a most revealing experience, for in that parliament there are only four or five Arab members, as I recall it, yet the speeches were simultaneously translated into the Hebrew and Arabic languages to the end that all hon. members could readily understand the proceedings.

I am not going to deal with other steps that may be taken in future to assure the complete recognition of bilingualism under the constitution of our country, but I can say that in taking this step we in this government believe that while it is easy to talk about the subject of Canadian unity, in bringing in this motion a major step toward its achievement is assured.

I thank all hon. members again for their references to my stand in this connection, which is not a new one, and I thank all of them for the degree of support which is apparent for this motion.

Motion agreed to.

NATIONAL CAPITAL COMMISSION

CONSTITUTION OF COMMISSION—REPEAL OF PRESENT LEGISLATION

Right Hon. J. G. Diefenbaker (Prime Minister) moved that the house go into committee to consider the following resolution:

> That it is expedient to introduce a measure respecting the development and improvement of the national capital region and in relation thereto:
> 1. To provide for the constitution of a national capital commission and to repeal the Federal District Commission Act;
> 2. To provide for the objects, purposes and powers of the commission; and
> 3. To enact such financial provisions as may be necessary to accomplish the purposes of the act.

Motion agreed to and the house went into committee, Mr. Rea in the chair.

Mr. Diefenbaker: Mr. Chairman, possibly it might be well for me to outline generally what has taken place with respect to the question of setting up a national capital commission, repealing the Federal District Commission Act, and to outline generally the plans of the government as contemplated by

the legislation to be introduced for the development and improvement of the national capital region.

You will recall, sir, that on April 8, 1957, the former prime minister, Mr. St. Laurent, as reported at page 3274 of *Hansard* of that date, introduced a resolution in terms similar to those of the resolution now before us. The resolution was passed and the bill in furtherance of the resolution received first reading. Mr. St. Laurent on that occasion said, as reported at page 3276:

> It would be this government's intention, if it is returned to office, to introduce a bill at the first session of the new parliament.

On the same page, making reference to the non-partisan spirit of support for the measure for the improvement of the national capital, he added these words:

> —whoever happens to be constituting the government when parliament reassembles will, I am sure, be appreciative of any suggestions which in the meantime are sent to the privy council office, with the object of improving this bill in order that when it is brought forward again it may be the best legislation which those responsible for considering it here and in the other place can possibly devise.

The reason for giving the bill first reading was simply to assure that interested parties should have the opportunity of making their suggestions with a view to ensuring that when introduced the legislation would contain all the beneficial changes believed to be necessary.

As the house knows, in 1956 a joint committee of the House of Commons and the other place made recommendations which are set forth in the minutes of proceedings dated August 1, 1956. In summary and in effect the plan was to enlarge the national capital region from the present area of 900 square miles to an area of 1,850 square miles. I am not going to read to the committee the various recommendations set forth in this report, but I do recommend their consideration by hon. members. The committee sat for a considerable period of time, with 32 sessions for the hearing of evidence, and made its recommendations which were generally and unanimously accepted. However, I should refer to the general purport and purpose of the setting up of the committee, as appears from the report in question at page 1049:

> Since the time of the last report the most significant event in the history of the federal district commission was the completion of the national capital plan under the supervision of M. Jacques Greber. We have received no evidence to suggest that plan should be abandoned. Since ours is the first committee to have it, we desire to say we believe that, from it, a national capital worthy of this country and of its people can be fashioned. We believe that when it is implemented it will be a monument around which and within which the historical and cultural interests and activities of our people can be developed.

The various matters connected with the setting up of the plan were discussed, and part V of the report at page 1052 sets forth in general the recommendations of the committee. In first position is set out the recommendation that a project of basic importance to be undertaken and completed in the national capital area should be the elimination of the causes of pollution of the Ottawa river. Another project of importance set out is the completion of the ten-mile section of the essential elements of the Queensway within the city of Ottawa. It suggests that the federal district commission is to be commended for the action it took to establish rail-freight facilities in the Walkley road area, thus completing the first stage of the railway relocation program. It refers to the bridge facilities across the Ottawa river as being inadequate in the downtown sections of Ottawa and Hull. It recommends the setting up of a green belt, which it suggests could be better described as the intermediate zone between the urban and rural areas, comprising a strip of land approximately one and one-half miles wide extending from the outer limits of Ottawa and Hull.

It states that the green belt area was originally contained in the national capital plan in 1950. It deals with the Gatineau park in the province of Quebec, and observes that provision for that park forms an important part of the national capital scheme.

Finally, after those recommendations with respect to policy, it recommends that the name of the act, which is the Federal District Commission Act, be changed to the national capital act. Then there are further recommendations of a technical or routine nature.

Some weeks ago I announced the establishment of the green belt as Ottawa's planned future urban limits. The green belt was advocated for some 10 years, and in the form in which it is set up about three fifths will be in the township of Gloucester and the remainder, except for about 1,000 acres within Ottawa, will be in the township of Nepean.

The act which the bill to be submitted will repeal, and for which the present bill will be substituted if parliament passes it, is the Federal District Commission Act of 1926. The bill upon which this bill is founded, as I said a moment ago, was introduced by Mr. St. Laurent on April 8, 1957, as Bill No. 417. The present bill is in large measure a repetition of the terms of the earlier bill, changed only to the extent of suggestions made to the privy council for consideration and decision by the government.

If this bill becomes the law of the land I hope we shall be able more effectively to continue the concept of successive prime ministers and parliaments since 1926, whose general desire was to assure that the capital city of our country shall be one that will be a pride to all Canadians and will become an ever-increasing mecca to Canadians. They will be able to see here a symbol of the nation's greatness, a capital so constituted and so planned as to quicken the pulses of Canadians in the pride of Canadian achievement, a capital that will give to Canadians the inspiration that comes from the arts, a capital that will epitomize the principles upon which this nation is founded. In short, we hope we shall achieve in the city of Ottawa, as well as in the contribution being made to the national district plan by the city of Hull, the surrounding areas of Hull and Ottawa, a city which will be a monument to the national unity of our country, to the greatness of our past and to the vast potentialities of our future.

In this city I would like to see a retention of the monuments of our past. It is too late now to raise this matter, but I do so merely by way of illustration of the kind of thing that I hope will be discountenanced by Canadians in this and in future generations. I refer to the destruction of the old supreme court building. I feel that that building, with all its tradition, should have been preserved, not in the location in which it was, if change made removal necessary, but in some part of this city. I doubt whether anywhere in the world there could have been found such a monument to jurisprudence and to the orderly interpretation of our constitution as that building represented; for in that building successive prime ministers of Canada had argued their cases. At least seven of the 13 prime ministers of Canada at one time or another appeared in that court in that building.

I cannot think of any other building in this nation which was more representative of the history of this country and which contributed more to the building of our national traditions in jurisprudence than that building. It went its way in April and May of 1957. Criticism today of its removal has no place. My hope is that in the days ahead Canadians, not only in the city of Ottawa but everywhere in Canada, will display an interest in their historical past and will take measures in addition to those which have been taken in the past, great as they have been, in connection with the work of the historical monuments society, to the end that those devices which have in their custody the traditions and history of our past shall not lightly be removed and be forgotten.

The planning that was done in the past by Mr. King, Mr. Bennett and Mr. St. Laurent had a greater, more profound and majestic concept of a national capital. One of those contributions to which all of us can pay our tribute and at the same time on this occasion do our part to bring about is to see that their traditions and their ideas of this great capital city will become in greater measure than has been so in the past the dedication of Canadians as a whole. It is in that spirit that I open the discussion on this question, which somewhat more than most legislation introduced in the house is of the spirit that one must never forget that the greatest impetus and inspiration for a great future of a country are the profound and great past.

There is nothing more inspiring to succeeding generations than to be able to look back on the monuments of their nation, on the achievements of their national capital. No nation can look forward to a great future without having behind it an illustrious past, whether within that nation or in consequence of tradition and heritage. I hope that hon. members generally will be able to support the resolution. When the bill is introduced fuller and more complete details will, of course, be available as to the changes that have been made, which cannot be discussed now in committee.

Mr. Pearson: Mr. Chairman, in rising to speak to the resolution I do not propose at this time to follow the Prime Minister on the subject of the desirability or otherwise of having torn down the old supreme court building because for one thing I do not think that matter is affected by the terms of this resolution. But I do agree with him that a country which has before it such a great future should be very careful to preserve the monuments of its past, not only in Ottawa but wherever those monuments may be in our country.

This, Mr. Chairman, is the second measure we have considered this morning which should be and I think is of a non-partisan and non-controversial character, concerning as it does a resolution which is important to all of us and to all Canadians in its bearings on the "development and improvement", to quote the words of the resolution, of the national capital plan. We know that the plan and the ideas and the vision behind it go back a good many years to the time when Jacques Greber was appointed. He and his associates under previous governments initiated and assisted in the development of the plan over the years. It was a plan that was very close to the heart, mind and interest of Mr. Mackenzie King when he was prime minister. In fact he took almost a fatherly

interest in the development of Ottawa into a beautiful and worthy national capital.

That interest and support were continued by Mr. St. Laurent. The work begun in those earlier years was continued and expanded after world war II, but over the years I think experience did show that perhaps the administrative set-up for the carrying on and completion, if it ever will be completed, of the work under the national capital plan was not completely adequate to cope with the new problems that arose out of the proper development of a national capital. Some hon. members will recall that a joint parliamentary committee was set up in 1954, and made a report. Another joint parliamentary committee was set up in 1956 to study, as indeed it did study and in great detail, this whole problem. It reviewed the over-all situation and made recommendations. The committee had a great number of meetings and heard a great deal of evidence from many interested individuals and associations. Perhaps I might mention that the hon. member for Villeneuve was joint chairman of that committee.

Out of its recommendations made in 1956 came the bill to which the Prime Minister has already referred, entitled an act respecting the development and improvement of the national capital region. The Prime Minister has indicated that the bill was prepared by the former government. It was presented to parliament on April 8, 1957, but was not proceeded with at that time. A general election was held, and now the present government is taking the action recommended by the joint parliamentary committee and embodied in that earlier resolution, the terms of which were exactly the same as the resolution now before us on the order paper.

At this time, Mr. Chairman, and I think I can speak on behalf of the members of my own party, may I express our gratitude for the devoted, intelligent and unselfish work done over the years by those Canadians who accepted the responsibility of serving on the federal district commission. Their work has been a fine example of national service in the best meaning of the term.

I think all Canadians will agree that the federal government has a special responsibility for and should take a special interest in the development of the capital so it can become a worthy symbol of our nation and one of which we can be proud; to use the words of the report of the joint committee, which have already been used by the Prime Minister, so that it can become "a capital worthy of our country and worthy of its people".

While the 1956 report, which is the basis of the resolution before us, makes a strong plea for the achievement of that objective, one which we all support, it also points out, as mentioned by the Prime Minister, some of the specific problems and difficulties. There is not only the question of the green belt which has been mentioned and which is of great significance in the development of the national capital plan, but we must also not forget that inside the green belt in Ottawa itself there is still a great deal to be done to carry out the ideas and the vision of this report.

I think particularly—I believe the Prime Minister mentioned this—of the very difficult problem of water pollution and the problem of adequate bridging of the river between Ottawa and Hull. If these problems are to be solved, then irrespective of the kind of federal machinery we set up to solve them this will require the closest co-operation among all three levels of government, the federal government, wherein lies our responsibility, the provincial governments of Ontario and Quebec and the municipal governments of Ottawa and Hull. With the new machinery which will be set up if the resolution and the bill carry, I am sure that co-operation can be achieved and we will have a national capital in the years ahead of which all Canadians will be proud.

I think we have a very good illustration of what can be done in this matter through national effort in the development of Washington, where I lived for some years. Certainly the city of Washington has none of the natural advantages that Ottawa has in its location, because of which Ottawa should and will become one of the most beautiful capitals in the world. Washington was a swamp when it was chosen as the capital of the United States. It was put far enough up the Potomac river, at a point where the river was shallow and the banks were swampy, so the British navy could not get at it too easily, though they did achieve that objective once in American history in revenge for American action against Toronto. Nevertheless, largely because of the planning of that capital by a distinguished town planner of his time from France, Major L'Enfant, and in spite of the swamp, "foggy bottom" as they still call it in Washington—

The Deputy Chairman: Order; it is a few minutes past one.

Mr. Pearson: I am sorry; I will finish in a few minutes. I will get right off Washington. In spite of the natural disadvantages of Washington they have made of that capital one of the most beautiful in the world. With the advantages we have over Washington we ought to be able to do as well, indeed we ought to be able to do better.

We on this side of the house will vote in favour of this resolution, especially since it is in exactly the same terms as the resolution which was put before the house by Mr. St. Laurent a year or so ago.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Regier: Mr. Chairman, the C.C.F. members of this house welcome most heartily this resolution that has been introduced today by the Prime Minister. This resolution, as we understand it, forecasts a strengthening of the authority of the government of Canada in the many efforts that are being put forth in the establishment of a national capital in which we hope all Canadians will be able to take a great deal of pride. In addition to forecasting a strengthening of the authority of the federal government to attain our objective it also, to our mind, forecasts an additional willingness on the part of the national government to share the responsibility for that task with the other levels of government, provincial and municipal.

I am extremely pleased to note, in listening to the hon. members who spoke previously, that the development of our national capital is and has always been regarded as a non-partisan effort. We realize, Mr. Chairman, that the national capital belongs to all the Canadian people regardless of whether they are represented by the government side or whether they adhere to one of the opposition parties in this house.

At this time I should like to refer to the introduction by the Prime Minister of this matter on June 18 when, as found at page 1381 of *Hansard*, he said:

> The government has now decided to recommend to parliament the necessary measures to make it possible for the crown to acquire ownership of what is known as the green belt around the nation's capital, so as to do what is possible to ensure that the development of the capital area over the long-term future will be in accordance with the national importance and significance of this city.

We appreciate that statement of the purpose of the resolution which the Prime Minister gave to the house at that time. We are a little concerned lest that sentence of his indicates that limitations are going to involve the new commission that is to be established. We sincerely hope that the functions of the commission are not going to be limited to the matter of acquiring and holding some jurisdiction over the green belt. The main tenor of my remarks is to emphasize that there is a need in other fields as well as in the acquiring of the area immediately around the cities of Ottawa and Hull.

I should like to point out that when the Prime Minister was speaking this morning he referred to the findings of the joint parliamentary committee on this whole problem of the national capital several years ago, and he listed two major matters that were mentioned in those findings. One was the acquisition of territory to be found in the proposed new green belt. The other major problem indicated in the report by the committee was the problem caused by the pollution of the Ottawa river.

So far, Mr. Chairman, the Prime Minister has not indicated, either on June 18 or this morning, that any action is being contemplated toward a solution of the problem of the pollution of the Ottawa river. Knowing the interest which the Prime Minister has shown in this house over many long years in the subject of the pollution of rivers, I hope the omission of this specific aim was inadvertent and that the Prime Minister is going to see to it that the legislation is of such a nature that the problem of river pollution is going to receive some attention.

I noted especially the comment of the Prime Minister when he remarked that the problem of establishing a national capital has been the subject of parliamentary debate for the past 32 years. I believe he indicated the year 1926 as the initial year in which action was taken. When I consider what progress has been made, Mr. Chairman, toward the attainment of our aims in the past 32 years, I cannot help but be reminded of the words used by the Leader of the Opposition this morning—and here may be the major responsibility, as I see it, that is now facing us—when he said, if I have his words down correctly, that inside the city itself a great deal has yet to be done.

I agree at once that this naturally involves the closest co-operation on the part of all three levels of government. I can think of no finer time for that degree of co-operation to prevail than the present time. With a Conservative regime in Ottawa, a Conservative regime in Toronto and another Conservative regime in Quebec, and with the city fathers of Ottawa as they are, I fail to see why there should be any lack of co-operation in the immediate years ahead.

I would immediately like to sound a note of warning. We are asked to vote millions of dollars for the acquisition of land for the green belt. I hope people will be paid a fair price for any real estate expropriated, and that no one will be done out of the hard-earned life savings which they may have

invested in real estate in this area. At the same time I hope that prices will not be paid to anyone based on anticipation of what they might be able to realize on present holdings or upon holdings which they might acquire before the federal government gets around to expropriation, and that no money will be paid on an assumption of what values might be in the years ahead. I have particular reference to holdings of real estate by brokers and others interested in real estate around the city of Ottawa. I trust that a very special watch will be kept upon such holdings, particularly of that real estate which may be in the hands of people associated with political movements.

The problems with respect to the development of our capital are not easy to solve, because the rights of local citizens are involved. The newspapers have indicated that on one occasion I endorsed the establishment of a federal district commission with the extensive powers which obtain in Washington, D.C. I must say at this time that such has never been the case. I believe the only member of this group who has ever advocated the establishment of such an authority is a gentleman who was at one time a member of the C.C.F. but who, during the latter years, has been a member of the Liberal party. I refer to a former member for Moose Jaw-Lake Centre. It has never been C.C.F. policy, however, that the residents of Ottawa should lose their civic rights as a result of the development of our national capital. I believe a halfway point could be established, as the result of which greater responsibility and authority might be taken over by the federal government, yet at the same time the local residents would be allowed to have their say in matters which would ordinarily be their prerogative. We in this group do not think there should be any reduction in local privileges or relaxation of local responsibility. We have, however, a responsibility as the parliament of Canada, and we have a right as the representatives of the taxpayers to express opinions upon the nation's capital.

The newspapers indicated some time ago that there might be some people in Ottawa who would take the position that we, as members of parliament, ought to mind our own affairs and allow the Ottawa civic officials to determine what happens to the capital city. That is a view in which I cannot concur. When we speak in this house of slums and fire traps in the city, I believe we are only exercising our responsibilities and our rights in voicing our opinions. We are not alone, and to illustrate this point I would like to read from a newspaper clipping of some years ago, which is headed, "Deplores Ottawa's Lack of Alleys". It reads as follows:

> What Ottawa needs is more back alleys, Senator W. M. Aseltine, (P.C.—Saskatchewan)—

Who, as we all know, is now the government leader in the other place.

> —said Tuesday night as he took a verbal jab at the capital's "eyesore" garbage cans.
>
> Until he came to Ottawa he'd never seen "a city without alleys", he told the Senate. Because there was no out of the way place for them to be stowed, the cans lined the streets each morning.
>
> That's what he saw when he took his morning walks—"really an eyesore".

I could not concur more heartily with the comments of the government leader in the other place when he refers to this line-up of garbage cans upon our sidewalks in the mornings as an eyesore. It is an eyesore in the most unsanitary way imaginable.

On June 18 last my house leader referred to the slums, and I believe fire traps, in this city and shortly thereafter the mayor of Ottawa replied through the newspapers. The mayor said, "We have no slums" but several days later he amended that statement, saying that city council was engaged in several slum clearance projects. I think he supplied his own answer there; the city council admits the existence of slums in that they are undertaking measures referred to by the mayor as slum clearance projects. In regard to fire traps and slum conditions he mentioned that I ought to remember the quotation from the Bible, "The poor ye have always with you." He made the observation that Ottawa looks after its poor, but I have seen a little more than I would have wished of how Ottawa looks after its poor.

One has only to recall the houses which ought to be condemned by the electrical and health inspectors of the city, but which the city council prefers to keep in operation for its welfare cases. If allowing a home to burn, if allowing "mere pensioners" to burn to death is the way in which Ottawa looks after its poor, and if the city council pats itself on the back by saying, "The poor ye have always with you", then that is not my idea of the attitude which should be taken in respect of the development of the national capital, about which we love to brag to our people and in which we love to ask the people to take pride.

We believe that slums are no longer necessary in our cities, least of all in our national capital, which has a history of employment of its citizens in the civil service. Ottawa does not have an industrial history, nor does it have a history as a waterfront city. It has no background which could excuse some of the conditions which exist. I would like to refer some of Ottawa's leading citizens to the city of Saskatoon, the municipality of

Burnaby and the city of New Westminster. These are cities which by their very nature must work for a living at all times by means of industrial activity, yet in those cities you find much less in the way of slum conditions than is to be found in Ottawa. Over the years there has been much money expended by the taxpayers of Ottawa to develop the national capital, and other taxpayers when they visit this city have a right to expect it will be a little above the average as Canadian cities go.

One hon. gentleman in the other place referred to the lack of alleys. The other day I visited a new housing subdivision in Ottawa and observed that it had been allowed to proceed without provision for alleys where garbage and ash cans could be picked up and homes could be serviced by oil trucks and other services. I wonder just how much headway has been made in the development of the national capital.

I have a clipping from the Ottawa *Journal* of June 7, 1952, reporting on conditions in Ottawa as revealed in the last national census in 1951. I appreciate that the conditions reported upon will have changed somewhat in the intervening seven years, but I wonder to what degree progress has been made. The article reads as follows:

1. There are 4,815 bathless dwellings.
2. There is no piped water supply in 2,120 homes.
3. There are 1,955 dwellings that have only the "Chic Sale" type of toilet facility.

We in the west do not even know what that means. I continue:

4. In 6,570 houses or apartments, there is cold water only.
5. There are shared bathrooms in 2,560 dwellings.
6. A total of 4,205 homes or about 9 per cent of Ottawa's total are in need of major repairs.
7. In 910 Ottawa homes, residents have none of the following conveniences: telephone, radio, automobile, vacuum cleaner or washing machine. In addition there is neither refrigeration nor the old-fashioned ice-box in 1,710 dwellings.

Certainly this report does not indicate that we nave in Ottawa a capital city in which Canadian citizens as a whole can take any measure of pride.

Let us turn to the subject of roads in Ottawa. There is only one modern thoroughfare in the city. It seems to begin somewhere around the airport and appears to end somewhere in the vicinity of Rockliffe. It seems specifically designed to provide famous visitors to Ottawa with a beautiful view and the lovely scent of flowers along the roadway. We have, of course, the driveway and Sussex street, the latter leading to the area known as Rockcliffe where the millionaires and dignitaries live.

Someone mentioned Vancouver. I might say, that in Vancouver we have Broadway,

Main, Fraser, Victoria and a number of other modern thoroughfares. They are models for the world of modern streets. We even found sufficient money to provide for the relocation of buildings as large as six storeys high. However, in the national capital, outside of this one roadway apparently designed for famous visitors, there is not one adequate road on which an ordinary visitor to Ottawa can travel. Ottawa does not even have such a simple, modern convenience as synchronized lights on its major thoroughfares. At present you see four or five lights in succession going on and off at the same moment.

Recently Ottawa embarked on something which most cities which have employed it wish they had never begun. I refer to the installation of parking meters. They serve no useful purpose except to enhance the coffers of the city. An interview with the city fathers in places where these meters have been installed will reveal the general feeling they share that they wish they had never become involved in that racket.

Where can a modern parking lot be found in Ottawa? The only parking facilities here are a few vacant lots which are temporarily used for off-street parking in order to permit the tenants to earn a small livelihood. Where are the green and open spots that it is the responsibility of those at the city hall to provide? Outside of the parks provided in the heart of the city by federal district commission there is no place where the residents of Ottawa can sit down to relax and enjoy a breath of fresh air. What about the inspection of buildings that is looked upon as being so essential in modern cities today? What about health inspectors and fire inspectors? Does the welfare department tell these boys to lay off, lest there not be sufficient room for the welfare cases in Ottawa?

Since first speaking on this matter in the house I have received many letters from Ottawa citizens, all in commendation of what I had to say. I wish that some time the civil servants of Ottawa would come to feel they have every right of citizenship, and need not hesitate about signing their names to their written opinions. What I did not like was the large number of anonymous letters I received. I like to think every Canadian feels at liberty to sign his name to an opinion he wishes to express in writing.

Another feature about the capital city that is simply unheard of in Saskatchewan and B.C. is a lack of hospital facilities. The waiting list here is very long indeed. Unless you are a member of parliament and are immediately whisked to hospital at the first sneeze for a quick look-see, you, as an

ordinary citizen of Ottawa, will have to wait a long time, in most cases, before you gain admission to hospital.

Some of the eating places in the city are splendid, and magnificent efforts have been made to establish fine restaurants; but in other instances it is obvious that the health inspector has not paid a visit for years and years.

I am pleased that Hull is a part of our national capital development plan. It ought to give the people of the province of Quebec a feeling that they and their province are a part of Canada. However, with respect to some of the conditions I have mentioned as obtaining in Ottawa, almost the same could be said for the Hull section of the national capital.

We welcome this move most heartily, but we hope the measure will mean more than the buying of several thousand acres on the outskirts of Ottawa. We hope an investigation will be undertaken by those who will be responsible for the plan concerning improvements for the city. As the Leader of the Opposition said in his remarks, I also hope the authorities will ascertain what is required in the heart of the city, which is the core of the national capital. I wish to propose to the Prime Minister a serious implication arising from the recent announcement from the city hall in Ottawa to the effect that everything possible is being done to obtain industrialization of our national capital.

I see a serious conflict of approach. Here are the city fathers who want to obtain more revenue and who are therefore anxious to invite almost any kind of industry into the city which will add to their tax rolls. Yet at the same time we want to make it into a beautiful city, a city that we will be proud to call our national capital. I feel that either one or the other of the two approaches is going to win out, and I hope the city hall is going to cease and desist from its announced program of filling the city with the smoke-belching chimneys which are usually associated with the industrialization of a city.

The year 1967 will see the 100th anniversary of our nation. That is only nine years hence. At that time I have no doubt we shall have hundreds of thousands of visitors to our fair national city. I hope that within those nine years we shall take such measures as will enable us to invite people to a real national capital to join in the celebration of our 100th anniversary.

Mr. Bell (Carleton): Mr. Chairman, this resolution, introduced this morning by the Prime Minister, represents an historic advance in national capital planning. From the outline the Prime Minister gave this morning it is evident that this legislation will give a new impetus and a new momentum to the realization of the goal of a truly symbolic capital.

At the outset of my remarks, I wish to thank the Prime Minister for the vital and decisive interest which he has displayed in his first year of office in the development of this city and area and for the constructive achievements already undertaken under his direction as the responsible minister, notably the decision to acquire the green belt, the action taken to permit the assembly of industrial land, and the assistance to the Bronson avenue bridge.

The Prime Minister and the committee, will recognize that he who represents Carleton has a very special interest in such matters; for, as the committee knows, Ottawa has a dual distinction. Not only is it the capital of Canada but it is the shire town, the county town, of the historic county of Carleton. Approximately 75 per cent of the population of the electoral district of Carleton reside within the territorial limits of the city of Ottawa, and under this bill practically the whole of the county of Carleton will be within the national capital region.

Both the Leader of the Opposition and the hon. member for Burnaby-Coquitlam have mentioned that in the determination to make of Ottawa a great national capital there are no partisan differences I hope, sir, that will always be so. All parties and all members from all sections of Canada I believe are of one mind in this matter. We may have differences about details, differences about techniques, but there are none about objectives.

In order to keep to the main track of my remarks I am going to resist entering into a discussion of the digressions into which the hon. member for Burnaby-Coquitlam was carried.

I used the term "symbolic capital" and the Prime Minister and the Leader of the Opposition, in speaking this morning, spoke movingly of Ottawa as the symbol of the nation. I submit that the first objective of all national capital planning must be to make of Ottawa a true and living symbol of a distinctive, vibrant, Canadian nationality, a genuine symbol of our national unity and our national cultures.

Most of the great capitals of the world have in fact attained the role of symbols of their nations. Old London is of the very essence of Britain. To all Frenchmen Paris is a national shrine; and so Rome, Athens, Vienna, all the great capitals of the old-world countries, exist as symbols of those countries. That Ottawa can and will attain

such a place and role in the hearts of Canadians as have these ancient cities in the hearts of their nationals I firmly believe, and that must be our objective.

I am one of those who believe that God favoured this valley of the Ottawa on both sides of the river with a natural beauty and a distinctive aesthetic charm equal to that of any part of the globe. To take full advantage of that beauty and natural charm is the whole purpose of the national capital plan.

In its conception and in its latest delineation before the joint parliamentary committee in 1956, so ably presided over by the hon. member for Villeneuve, that plan is a bold and imaginative design for the future. What is now needed, and what I hope this legislation will represent, is a firm, clear-cut declaration of faith in that national capital plan and a call to action in its rapid and progressive implementation.

The problem of planning the national capital, sir, is stated simply, succinctly and effectively in a brief presented to the Prime Minister by the national capital region branch of the community planning association of Canada in May, 1958, from which I would like to quote very briefly:

> Any procedure which is developed must take into account:
>
> 1. The urge to have a capital city as a symbol.
> 2. The authority to enable this to be effected.
> 3. The ability to create the symbol.
>
> It is from federal sources that the stimulus for a national capital can be expected. The authority to enable planning lies with the provinces. Co-operation between the federal and provincial governments can provide the inspiration and authority. The detailed task of planning lies with the municipalities. There is a role to be played by each level of government. Through good will and co-operation the best result can be achieved.

This quotation, sir, points up precisely what is the major problem of national capital planning. In the past there has been a serious lack of co-ordination of planning activity. There has been project planning, fine project planning, some of the finest project planning that has gone on in any part of the world, but no comprehensive, integrated, co-ordinated planning of the whole national capital area; a plan, yes, but planning, no.

In those six words, Mr. Chairman, I think is a simple statement of the very complex and difficult problem which does exist. To too great an extent the existing planning authorities, federal, provincial and municipal, have worked in compartments, have failed to achieve real co-operation and real understanding. Perhaps the best illustration of compartmentalized planning is the total absence of an official plan for Ottawa or for any of the neighbouring municipalities pursuant to the planning act of Ontario, despite the fact that the final Greber report was presented more than eight years ago. All that exists today is an official highway plan.

The federal district commission is now contributing to the preparation of an official plan or plans, and I hope we shall have such before the tenth anniversary of the Greber report. I mention this, sir, to illustrate my view that, faced with our problems of constitutional jurisdiction, the first requisite to success in national capital planning is a co-ordination of the activities of the federal district commission, now to be replaced by the national capital commission, and the planning authorities of Ontario, of the city of Ottawa and of the area municipalities, particularly on the Ontario shore the townships of Nepean and Gloucester and on the Quebec shore the city of Hull and the town of Aylmer. The opportunity for full understanding, the opportunity for complete co-ordination and full and continuing liaison, exists today as it has not existed at any time previously. This, I submit, is the psychological time to achieve a unity of purpose in all our planning activities.

The solution of the vexed green belt issue makes the immediate co-operation of Nepean and Gloucester possible. As long as that green belt issue existed, as long as it continued unsettled, the whole national capital plan could not get beyond a stalemate. As I have already said, the government and the Prime Minister in particular are to be congratulated upon the decision to acquire the green belt. This, in my view, is the most significant decision taken in many years, and upon it hinges the solution of many other vital problems of planning.

But with this I should like to couple a word of warning. The basic purposes of the green belt will not be served if an uneconomical, undesirable sprawl development takes place just outside it. Development could simply leapfrog over the green belt and fringe settlements of an unplanned type take place. What is needed? I suggest to the new national capital commission that what is needed is assistance to Nepean and Gloucester in planning, the encouragement of hamlet development particularly at Blackburn Corners and Bells Corners, the encouragement of planned development of existing satellite communities such as Manotick, Richmond, Stittsville and Carp. I suggest that these are essential concomitants of the green belt plan. To the satisfactory adjustment of these fringe problems Central Mortgage and Housing Corporation can contribute as much —if not more than the new national capital commission.

Within the city of Ottawa itself virtually all significant advances are dependent upon the establishment of a union railway terminal company. Even the Queensway cannot be planned and carried out to its western terminus until provision has been made for the joint operation of the railways within the city limits. Negotiations with the railways have gone on for months, indeed for years. I venture respectfully to suggest to the Prime Minister that the time has come for the government to ask the railways in unmistakable terms to conclude an agreement, and to do it within a deadline period not too far distant.

The project of a union railway terminal company governing the operation of all railways within this community is inevitable. The faster it is achieved the better it will be for all concerned and the cheaper it will be for the government of Canada and for the railways themselves. From the date of the completion of such an agreement for the union operation of railways within the city to the completion of the immediate plans which are dependent upon such an agreement is a minimum period of five years. These include, for example, the abandonment of the C.P.R. Sussex branch in the constituency of the hon. member for Ottawa East, and the abandonment of the C.P.R. main line from Bells Corners to Ottawa West in the constituency of Carleton.

As I have said, completion of Queensway planning—and I want to emphasize the word "planning"—is dependent upon this railway agreement. We may get some comfort from seeing bulldozers at work on stage one of the eastern sections of the Queensway, but I think all those who have made some study of the situation in this city will realize that the Queensway is needed today, not four or five years hence. The fact is that the national capital is choking to death with traffic today. Based upon traffic projections which I have seen it will be brought to an almost literal standstill before the Queensway and other arterial roads and bridges are completed.

A speed-up in completion of the Queensway is urgently needed. Under the deal among the federal district commission, the Department of Public Works, the province of Ontario and the city of Ottawa, construction is under the direction of the province of Ontario. I want to appeal publicly to the new minister of highways of Ontario, Hon. Fred M. Cass, a distinguished son of eastern Ontario, to allot a larger amount of the highway budget to the Queensway in order to speed up its completion as an essential part of the national capital plan.

National Capital Commission

I turn now, sir, to deal with the driveway system, for I am one who believes that the driveway system has been perhaps the greatest contribution of the federal district commission and its predecessor, the Ottawa improvement commission. But, as a distinguished journalist of this city has pointed out repeatedly in the Ottawa *Journal*, there has been very little construction on the Ontario shore in the last 20 years. All the land, or virtually all, for the proposed Ottawa river parkway and the east-west parkway has been acquired, and for this major advance I want to congratulate the federal district commission sincerely.

But I cannot refrain from pointing out the significance of the lack of construction on the Ontario shore in recent years. The concept of the Ottawa river parkway from Lazy bay, a short distance above the falls upstream from this building, to Britannia is magnificent. It will be an almost revolutionary addition to the parkway system of the national capital. To the capital I believe it will give a new character. No other project can have more immediate significance. The estimated cost of the Ottawa river parkway is $2½ million.

My urgent hope is that the new national capital commission, in consultation with the other planning authorities, will make an early start on this project. In my opinion it has a priority close to top level, and I should like to add that it should be constructed immediately adjacent to the magnificent Ottawa river shore and not some distance back therefrom as in the existing short stretch from Island Park drive to Churchill avenue.

Under the new commission I venture to suggest that there should be established a strong, active architectural consultative committee. I am not satisfied that some of the more recent government building is adequate architecturally for the nation's capital. A speech which I made outside this chamber has already been quoted on a couple of occasions this session, but I believe that in this capital aesthetics should not be sacrificed to pure utilitarianism. Some of the new government buildings are less attractive than the new industrial plants in my riding, and in my opinion that should not be so.

Equally, as the Prime Minister pointed out this morning, we must preserve our historic buildings. The Prime Minister mentioned the destruction of the old supreme court building to make way for a parking lot which in my view, sir, was nothing short of an act of vandalism. My blood pressure rises every morning when I pass by the site of the old supreme court building. Fortunately the

projected destruction of the west block was halted. I know the Prime Minister will be our protector in this respect, the protector of the unsurpassed architecture of parliament hill.

To the new national capital commission will be entrusted many problems, the completion of plans for the magnificent Gatineau park, federal assistance to the badly needed new bridges, particularly a bridge downstream from the present interprovincial bridge and a bridge at Deschenes rapids, federal assistance in the ending of the pollution of the Ottawa river, a matter to which the house gave considerable attention a few weeks ago, and another matter which was mentioned on Saturday, assistance in solving the problem of parking on parliament hill to prevent this, the nation's shrine, from having all the appearance of a used car lot and none of its charm.

These, sir, and some of the other national capital problems require a strong, active, vigorous and articulate national capital commission. I hope and I know the government will, in connection with any new appointments, seek men and women of outstanding merit who will accept appointment as a national duty and on a non-partisan basis.

Successive chairmen of the federal district commission have been men of great talent, distinction and public spirit. This morning the Leader of the Opposition mentioned that this community is greatly indebted to these men, Hon. Thomas Ahearn; W. E. Matthews; Hon. Fred Bronson; Duncan K. MacTavish, and the present chairman, Major General Howard Kennedy. This whole area, as I say, owes a debt to each of them, as it does to the able, effective and gentlemanly present general manager, Alan K. Hay, regrettably soon to reach the age of retirement. But I do not let my high regard and great respect for some members of the present commission obscure my belief that the present commission needs strengthening by the appointment, on a non-partisan basis, of vigorous new members.

Many of the problems to be undertaken will require parliamentary approval of substantial expenditures. We may as well make up our minds, I think, that many of the proposals will cost more money if they are delayed. They will be proceeded with eventually; they will be achieved and they will be paid for, but the longer we delay the more they will cost. From the many chats I have had with new members of this house I am certain that the government can count on enthusiastic support from all sections of the house for vigorous action in the completion of the national capital plan.

[Mr. Bell (Carleton).]

The natural advantages of Ottawa, the achievements to this date, the concepts for the future, all these can make of this area a national capital symbolic of a genuine Canadianism. Planning, imagination and boldness; these are the keys to the future. All Canada will then be as proud of Ottawa, its national capital, as we in Carleton are of Ottawa, our shire town.

Mr. Dumas: I am sure there will be agreement on the part of every hon. member as to the desirability of adopting a resolution such as the one which was introduced this morning by the Prime Minister. As both he and my leader mentioned, the wording of this resolution does not differ from that of a resolution introduced in this house on April 8, 1957, by the former prime minister, Right Hon. Louis St. Laurent.

This resolution reads:

> That it is expedient to introduce a measure respecting the development and improvement of the national capital region and in relation thereto,
>
> 1. To provide for the constitution of a national capital commission and to repeal the Federal District Commission Act;
>
> 2. To provide for the objects, purposes and powers of the commission; and
>
> 3. To enact such financial provisions as may be necessary to accomplish the purposes of the act.

However, the fact that both resolutions are exactly the same does not mean that the measure which this resolution precedes will conform in all details with the text of Bill No. 417 which was introduced on April 8, 1957, and given first reading. In his concluding remarks, part of which were mentioned by the Prime Minister this morning, previous to the introduction of Bill No. 417 the then prime minister said this, and I quote from page 3276 of *Hansard* for April 8, 1957:

> We hope that by having the bill read the first time now it will be available for distribution, not only to hon. members but to those of the public who are interested in the activities of this commission. That is why I am stating that whoever happens to be constituting the government when parliament reassembles will, I am sure, be appreciative of any suggestions which in the meantime are sent to the privy council office with the object of improving this bill in order that when it is brought forward again it may be the best legislation which those responsible for considering it here and in the other place can possibly devise for the purpose of realizing this important objective of further establishing the national capital of a country which is going to last for a long time, which is rapidly increasing in population, in industrial and commercial activity, and also, I hope, in the activities of the mind or those concerned with the aesthetic side of human nature.

It is possible therefore, Mr. Chairman, that since April, 1957, some recommendations for amendments might have reached the privy council office or that of the Prime Minister, and it may be that the measure which this

resolution precedes will, therefore, in some parts of the context differ from Bill No. 417. I am confident, however, that the new bill will, as did Bill No. 417, encompass most of the amendments suggested to the joint committee of the Senate and House of Commons in 1956, and that it will also make possible the implementation of the recommendations outlined in the report of that committee.

The activities of the Ottawa improvement commission, which was set up in 1899 by Sir Wilfrid Laurier, and the splendid work accomplished by the federal district commission since 1927, reflect the contribution of this country toward the practical improvement and beautification of the capital city, more recently of the national capital region. These works reflect also the interest of parliament and the people of Canada in creating a national capital which will be a source of legitimate pride and inspiration to all Canadians.

As was explained by the Prime Minister, the joint committee of the Senate and the House of Commons was appointed in 1956 to review and report upon the progress and program of the federal district commission in developing and implementing a plan for a national capital. This committee, as was mentioned this morning, reported to parliament on August 1, 1956. Amongst other recommendations, the joint committee in part VI of its report recommended that the Federal District Commission Act be revised so as to bring the definition of the powers, duties and responsibilities of the commission in line with the development of the national capital area.

Judging from the resolution which has been introduced by the Prime Minister we can feel confident that most, if not all, of that part of the recommendation contained in the report of the joint committee of 1956 will be implemented. For the benefit of those who were not here in 1956 I wish to say that each and every member of this joint committee had a keen and genuine interest in what was being done to try to create a national capital which would be the pride of all Canadians. I had the great honour of being co-chairman of this committee. I think I can say without fear of being contradicted that the members of this house and of the other place who acted on the joint committee worked very hard and did an excellent job.

The committee held 35 sessions of which 32 were entirely devoted to the study of briefs submitted by the federal district commission and by representatives of civic and public bodies including the city councils of Ottawa and Hull. The joint committee also heard from the Auditor General of Canada, the officers of Central Mortgage and Housing Corporation; the director of the division of sanitary engineering of the department of health of the province of Ontario and Mr. Jacques Greber, distinguished French town planner and consultant for the federal district commission. The co-operation of all those who appeared before the joint committee was of an extreme value to it. It helped in laying the foundation for the preparation of what I would describe as a very constructive report.

In reviewing the progress and programs of the federal district commission in developing and implementing the plan of the national capital, the members of the joint committee considered that the most important event in the history of the commission was the completion of the national plan under the supervision of Mr. Jacques Greber, with whom was associated a group of prominent Canadian planners, architects and engineers. The members of the committee thought that from this master plan a true national capital could be fashioned. They were of the opinion also that, when implemented, the national capital would be a monument around which and within which the historical and cultural interests and activities of our people could be developed.

In city planning language, the master plan is the form in which the whole project is generally first given out to the public. It shows the anticipated development of the community over a certain period, sometimes as long as 50 years or 75 years. The project shown on the plan is general as to location. It is intended to serve the purposes of a guide plan; it is elastic and easily changed. In city or town planning practice, the experts, with good reasons, always emphasized the fact that the character of the master plan should be clearly explained to the public so as to avoid the misunderstanding that this long-visioned plan is intended for full accomplishment in the immediate future at great and unusual expense.

So it should be and so it is with the national capital plan as prepared by the advisory committee headed by Mr. Jacques Greber. In brief, the master plan was designed to guide development of the capital's urban and suburban areas over the next half century. It is a flexible instrument and within its framework it is capable of adjustment to meet new requirements and changing conditions.

Members of the joint committee were very much interested in what was being done in the sphere of planning in the national capital region. They were conscious of the fact that the national capital plan should be developed as far as possible without infringing upon

either provincial or municipal prerogatives, without imposing undue or unreasonable burdens upon activities of either jurisdiction, but also without assuming obligations proper to the provinces or the municipalities concerned. As there is no single authority in control of planning and development, rural or urban, within the national capital region, it can be easily appreciated that the realization of a national capital plan implies the co-operation of federal, provincial and municipal authorities.

For this reason, in formulating its recommendations in 1956, the joint committee was of the opinion that the over-all or master plan should be submitted to both the Ontario minister of planning and development and the Quebec minister of municipal affairs. It was felt that if agreement was possible, this should be regarded as the background against which details of the master plan should be dealt with as they arise.

It was thought advisable also that an appropriate representative of the government of Canada should consult with the above mentioned provincial authorities with a view to determining ways and means of implementing the plan, and it was felt that this objective could be achieved in such a way that it would be fair to all concerned.

I am convinced myself that if this procedure is followed the official adoption of the national capital plan would be possible. This would be a definite declaration of intention to carry out the different projects of the master plan; it would give them strong legal status; and it would more or less crystallize the use of land affected thereby. Then it would be an easy matter, in fact a matter of formality, for the municipalities within the national capital region to enact comprehensive and up to date zoning bylaws.

A few minutes ago my friend the hon. member for Carleton mentioned that he was very much in favour of the federal district commission going into the project of buying the necessary land for the green belt, but he said that we would have to be careful so that developments would not leap-frog outside of this green belt. He mentioned a few municipalities. He mentioned one municipality which would be in the green belt, namely Bells Corners. I think he is right. I think there should be a severe and clear zoning bylaw that would govern construction within those municipalities, especially within those municipalities which are within the green belt.

In the interests of a proper development in the national capital region zoning bylaws should also be enacted by the municipalities outside the green belt. In order that those municipalities would be in a position to enact fresh bylaws I think that we have good reason to say that there should be co-operation between the three levels of government, namely the federal, provincial and municipal; and the province of Ontario in this case should be approached and the master plan brought to their attention. They should approve the plan so that in the future those municipalities involved which are located within the national capital region would be able to pass the necessary bylaws so that construction and development could be proceeded with in good order and in accordance with the plan prepared in advance.

In the annual report of the federal district commission, for 1957, I was pleased to read the following paragraph at page 8. The paragraph is entitled "Liaison with Municipalities" and it reads as follows:

> Discussions and negotiations between the municipalities within the national capital district and the federal district commission, on both policy and technical levels, have had a mutually beneficial effect for such municipalities and for the over-all development within the national capital region.

I hope that such close liaison between the commission and the municipalities within the national capital region will be maintained. It is to be hoped, also, that similar progress may be achieved on the provincial level. The officers of the federal district commission are to be congratulated for the very excellent form used in the preparation of their annual report for 1957.

In reading these reports those who are interested in the progress of the federal district commission will be able to note that emphasis has been placed on those subjects which were classified in the report of the joint committee of 1956 as top priority projects. It is true that a relatively slow start is being made with respect to these projects but I am of the opinion that the federal district commission, if it is invested with the proper authority and if it is given the necessary funds, will do its utmost to see that there will be a realization of these plans within a reasonable period of time.

It was indicated in the report of the joint committee that under the provisions of the national capital plan of 1950 some portions of the central plan appeared to be of more urgent character than others. Those projects which involved the expenditures of very large sums of money and which were given special consideration by the joint committee are to be found in part 5 of the report as follows: Firstly, the elimination of the causes of pollution of the Ottawa river; secondly, the completion of the ten-mile section of the Queensway within the city of Ottawa; thirdly, the completion of the second stage of the

railway relocation program; fourthly, the construction of a new interprovincial bridge; fifthly, the establishment of an intermediate zone between the urban and rural areas, commonly called the green belt; and sixthly and lastly, the acceleration of the work in the Gatineau park.

Of those six projects we can say that only one is really the sole responsibility of the federal district commission, and that is the work which has been and will be undertaken in the future in connection with the Gatineau park. Two others, namely the elimination of the causes of pollution in the Ottawa river and the construction of an interprovincial bridge to help alleviate the traffic problems between the cities of Hull and Ottawa, are really provincial and municipal projects. When I say that, I do not mean that the federal government, through the federal district commission, should not try to resolve these problems or to carry the projects to completion. The construction of the interprovincial bridge is to cost $10 million, and this is strictly the obligation of the provincial governments of Ontario and Quebec as well as that of the municipalities of Hull and Ottawa. If the federal district commission can help in building, let us say, the approaches, so much the better; if it can help in the construction of the bridge, we will all be very pleased, because it is urgent that the bridge be built.

This is, however, first of all a provincial matter, and we must not forget that in respect of the pollution problem, even if we work hard to try to eliminate the causes of pollution which come from the cities of Ottawa and Hull we are still a long way from having cleaned up the Ottawa river. Work in this connection would have to start from the headwaters of the river, from as far away as lake Timiskaming. Work will have to be done in many municipalities up the river and along the river and, of course, much work must be done in our local sector comprising the cities of Ottawa and Hull, the town of Aylmer, the town of Gatineau Point, the village of Deschenes and the surrounding small municipalities. Both the provincial governments of Quebec and Ontario will have to accept responsibility in this connection, and it is very gratifying to note that the government of Ontario is going ahead through the organization within the department of health to try to eliminate these causes of pollution. We are also very glad to see from the newspapers that the city of Ottawa, also through this provincial organization, will probably start immediately to build a sewage disposal plant at Green creek and will also build necessary tunnels and sewer lines to connect all the sewers of Ottawa to that sewage disposal plant.

I understand the federal district commission will contribute to this work up to a certain amount and that the commission will help the city of Ottawa to acquire a site at Green creek. This help may not be sufficient; the federal district commission may also have to help in the construction of these tunnels and sewer lines. We have heard mention of the amount of $11 million, but we know this project will cost $43 million and maybe more. It has been said that the federal district commission may contribute the amount of $11 million, and I am in favour of this, but even if this is done the city of Ottawa and the city of Hull still have a responsibility in this connection.

The city of Hull, has an obligation to go to the government of Quebec and to force the premier of that province to do something about the Ottawa river on the Quebec side. The city of Hull should also force the provincial government to share in the cost of construction of an interprovincial bridge across the river but, more particularly, if the city of Hull has the responsibility to make clear to the provincial government that it has an obligation to share in the costs of these projects, and even if the federal district commission assists the Ontario side, that is not enough. Assistance will also have to be rendered to the Quebec side. If the federal district commission is to contribute to this work in Ottawa I do not see why it should not also contribute to the work on the Quebec side, more especially to the work within the limits of the city of Hull.

Those two projects are mostly provincial and municipal in nature, but there is another project which is also of a provincial and municipal character, and that is the construction of the full length of the Queensway, which is 22.8 miles, about 10 miles of which will lie within the city of Ottawa. I feel that the federal district commission has a responsibility with respect to those 10 miles and it has subscribed a large amount to this project, so that it has rights in that connection. I understand the total cost of the Queensway will be between $50 million and $60 million, and that the estimated cost of the first stage is $32 million. The federal district commission has already indicated it is ready to supply the right of way which is valued at $8,500,000 and it is ready also to take care of improvements after the Queensway is built. These improvements are estimated to cost $300,000. That takes care of the Queensway.

We also have another project which is a federal responsibility although in this case

the federal district commission has to work in co-operation with both railway companies, the Canadian National Railways and the Canadian Pacific railway. I refer to the relocation of railways within the limits of the cities of Ottawa and Hull. The first stage of this relocation is completed and the second stage has already been commenced. We hope the commission will be given the proper authority to proceed with the second stage. This is an extremely important project and is at the base of the master plan. Not many years ago one could see a number of miles of railway tracks and crossings within the limits of the cities of Ottawa and Hull. Great progress has been made in their elimination but much remains to be done.

I see that my time has practically elapsed and there are a number of things which I should like to mention. Nevertheless, I think I have given a fair résumé of the recommendations made to parliament in 1956 by the joint committee. I am happy to see that the Prime Minister is following in the steps of his predecessors in office in taking a keen and determined interest in the national capital of this country. I hope that the bill which is preceded by this resolution will contain all that was contained in Bill No. 417.

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

Mr. Dumas: May I have just one moment in which to conclude, Mr. Chairman?

The Deputy Chairman: Has the hon. member permission of the committee to continue?

Some hon. Members: Agreed.

Mr. Dumas: However, if some practical recommendations in the form of amendments have been brought to the attention of the Prime Minister I hope he will include them in the new legislation. We want the new legislation to be such as to permit the national capital commission to do a good job. I am sure the Prime Minister realizes that even if we give the commission authority we still have to supply the necessary funds and I am confident he will see that the required moneys are provided to the commission so that it may carry on its work. There are certain projects such as that concerning the Ottawa river, the Interprovincial bridge and perhaps others that are not strictly projects that are the responsibility of the federal district commission. I feel the government should participate in these project to the extent it can. There are also projects which are entirely the responsibility of the commission and these should proceed as fast as possible.

One hon. gentleman proposed that the planned parkways in the city of Ottawa should be built as soon as possible. Other hon. members from various parts of this district might also have projects they would like to see built as rapidly as possible. I can think of the Gatineau park project. The parkway from lake Fortune to lake Phillips should be built as soon as possible. The federal district commission is doing a wonderful job in the parkway. It has built the lake Fortune parkway which is very beautiful and is now building the link between the outskirts of Hull and the parkway in lake Fortune which should be completed by the middle of next summer. The section north of lake Fortune should be built as soon as possible and there are many other such projects which we would like to see completed rapidly. Every hon. member of this committee wishes to see created a national capital of which we may be proud and I am convinced there is not an hon. member who would oppose the resolution proposed this morning by the Prime Minister.

Mr. Herridge: Mr. Chairman, I am very pleased to observe that the Prime Minister is in his seat while I make my few brief remarks on this resolution. The other hon. members of our group who have spoken dealt more with the general so far as the federal district commission arrangements are concerned and I shall avail myself of the opportunity of speaking about the particular. I intend to tread for a few moments where some parliamentary angels fear to tread. I intend to romp in the Elysian fields of the country estates owned by heads of states, governments and prominent persons since the time of Solomon. I believe history proves that persons burdened with responsibilities in government and in affairs of state have found it necessary to seek solace and refreshment in solitude with nature usually near water, an oasis, a river, a lake or a sea. My reading indicates that Solomon took 13 years to build his town house and later a summer estate in the forests of Lebanon. Socrates had a retreat in the hills of Greece. The Caesars had some of their private baths away from Rome. Napoleon had a hunting lodge which I understand was near Fontainebleau and perhaps it was there he had his vision. The early Georges had their country estates at Eastbourne and Exeter and the prime ministers of Great Britain have been fortunate in having Chequers since 1921 owing to the generosity of Lord and Lady Lee of Fareham. President Roosevelt had his retreat and the former Prime Minister Mackenzie

King, of course, had Kingsmere. The present Prime Minister inhabits a retreat at Harrington lake but I should not like it thought for an instant that I begrudge him that.

As a matter of fact, my first knowledge of the Prime Minister's visits to Harrington lake came when a waggish neighbour asked me if I knew that John the Baptist had gone into the wilderness. Then, he explained to me the newspaper account of the Prime Minister's going to Harrington lake. I said, "With the burdens that the Prime Minister has to carry today I do not blame him wanting to get the advantage of forest, water and solitude."

However, Mr. Chairman, my reading of history indicates that in the past the title of occupancy of those residences has been established by law or as the result of private ownership. So far as I can judge—and I have not had an explanation yet—this has been the cause of quite a lot of, not caustic but, interesting comment that is always aroused by this type of topic.

The present occupancy of the residence at Harrington lake, as I understand it, is based on rather slim legal foundations. The Prime Minister, coming from the west, may have thought he was living in the pioneer days and that the old squatters' rights still exist. In effect, it may be possible that he took the lead of some of the dictators of ancient Europe who occupied properties by what was known as the right of eminent appreciation, or possibly the federal district commission may have permitted a sort of trial occupancy until the owners, through parliament, decided what the terms of occupancy would be. We do not know what those terms of occupancy are. However, Mr. Chairman, I do think the procedure seems to be irregular and that is all I am going to deal with. I do not envy the Prime Minister one bit enjoying such a place. In fact, any tendency I have had during my lifetime of envying those in prominent and high positions has always been mellowed on remembering these lines in Gray's "Elegy in a Country Churchyard":

> The paths of glory lead but to the grave.

Anyway there is a possibility of a future cabinet with less rectitude than is exhibited by the government in power putting into effect without an order in council and without a bill being adopted by this parliament something along the same lines. The Minister of Transport—I see him here—could occupy a disused wharf shed, as a fishing camp. A minister of justice could occupy an empty penitentiary as a baronial castle. The minister of defence could use some decommissioned destroyer as a private yacht and a postmaster general might use some antiquated post office mail van as a travelling trailer to spend his holidays in Canada. I can see the minister of public works in some future day making a house boat out of an obsolete dredge, and the secretary of state using the basement of the printing bureau as a private swimming pool. There are infinite possibilities, Mr. Chairman, for a cabinet that has not the conscience and rectitude that the present ministers of the cabinet have.

While everybody recognizes the need for an official country residence for the Prime Minister, this group and some members in other groups, some members in every party and some people in the country think it so necessary that it should be established by law and as a result of legislation in this house.

I want to refer to the bill that was adopted with respect to the official residence of the Prime Minister, and I am very glad that he has an offical residence. The act is entitled, "An Act to provide for the Operation and Maintenance of a Residence for the Prime Minister of Canada." Clause 3 states:

> The minister of public works shall furnish, maintain, heat and keep in repair the buildings situated on the lands described in the schedule, and the federal district commission shall maintain and, from time to time as required, improve such lands.

By this bill the federal district commission have the authority of parliament to do certain things in connection with the residence of the Prime Minister. I do not know how the present Harrington lake house is being maintained or whether there are any expenditures by the federal district commission for that purpose but, so far as I can find out, there is no actual provision by order in council or by law. In contrast with that, I want to draw briefly to the attention of the committee the remarks of the present Minister of Finance when the bill for the operation and maintenance of the Prime Minister's residence which I have mentioned was under discussion. I find at page 3346 of *Hansard* of 1950 the Minister of Finance, who was in opposition at that time, had this to say, and I expect in his usual, vigorous, lambasting manner;

> I think it is time, sir, to face this situation very clearly. What the government has done is this: Without asking for specific approval of parliament, without bringing before the house last fall, as it should have done, a bill to set aside a particular property, if they thought that was the best property, they made an announcement in the house without mentioning anything of that idea. They proceeded by order in council to set aside a house that had been acquired by the government several years before by expropriation for a purpose that we did not then know,—

Of course, this house was acquired by the federal district commission by expropriation several years ago.

All that was said in the house on that occasion, on September 30, by anybody who spoke in the house was that the idea that the government should provide at the expense of the country an official residence for the prime minister was approved; but no one went beyond that. Whatever has been done in regard to selecting this property, whatever has been done in the way of expenditure of vast sums of money upon it to try to modernize an ancient house, has been done solely on the responsibility of the government and without any approval on the part of this house.

Then, later, on the same page he had this to say:

What did the government do, entirely on its own responsibility? I have said in the first place that by order in council they set aside a government-owned property for this purpose.

Mr. Chairman, I just want to contrast the words of the Minister of Finance and his attitude to the problem and his chastising the government, as he said, for setting aside a property as a residence of the Prime Minister of Canada by order in council only with what has been done with respect to the Prime Minister's summer estate. I know the Prime Minister has a great appreciation of history, tradition and the customs of the past. I know that from experience. I am going to tell a little story with respect to the Prime Minister. I was going out of the house some five or six years ago and the Prime Minister was then in opposition. The session had ended. I might explain that the Prime Minister had gone down toward the Chateau Laurier. He will remember this. I was behind him. He turned around and walked back to the front of the building, had a look at it, and then walked away again. Do you know what he said to me? The Prime Minister will remember it. He said to me: "I had to come back for another look at the old building. I love it. It stands for such great traditions in Canada." That is why I know the Prime Minister thinks a great deal of history, tradition, practices and customs.

While I am only a humble member of this group, being quite content to leave the major issues, such as the distribution of box cars and the shape of Churchill's legs to other more brilliant members of the group, I do notice these little things.

I am somewhat lacking in intelligence, have a somewhat meagre education and humble background. I often go by instinct and I know from instinct that the Prime Minister of Canada has a great respect for these things. I know his approach to problems. I can almost visualize his mental processes, and I am quite sure that he will recognize what I am saying is correct. Therefore, Mr. Chairman, in concluding my brief remarks I do suggest that because we all realize that an official country estate is necessary for a person carrying the burdens of the prime minister's office in this country the occupancy should be regularized by the introduction of a bill such as was introduced in connection with the official residence; first to avoid any unnecessary criticism and, second, to avoid any unpleasant public clamour on the part of the owners, who are the people of Canada and, shall I say, using that good old Anglo-Saxon phrase, for the quietening of title to provide for quiet possession by the Prime Minister himself on all occasions and future prime ministers.

Therefore, Mr. Chairman, in concluding this rather rambling statement of the legal problem, which is somewhat beyond my capacity, I urge the Prime Minister to give this matter consideration and introduce a bill at the next session of parliament somewhat after the form of the bill that was introduced by the former government so that he and his successors will have an official summer residence to enjoy. In doing so, Mr. Chairman, he will put himself in the long line of succession from Solomon to the present day by following the historic practices, traditions and customs of all those who sit in the seats of the mighty.

Mr. Diefenbaker: Mr. Chairman, one cannot but congratulate the hon. gentleman for the degree to which he has engaged in research.

Mr. Caron: Mr. Chairman, is the Prime Minister closing the debate?

Mr. Diefenbaker: No. This is an interlude of humour brought into the discussion of a serious matter. I could not allow the occasion to pass without congratulating the hon. gentleman on the degree to which his research might well be described as love's labour lost because in point of fact there has been no such establishment. Throughout the period of some seven years since the property was acquired the federal district commission has made arrangements from time to time with private individuals, and at no time has it been established nor is there any reason for its establishment as a country home for the Prime Minister.

I understand that there are two pieces of property, one given to the state by Mr. Mackenzie King. I understand that that is being occupied today by one of the officials of parliament. There is no occupancy on the part of the Prime Minister of the place in question. Unoccupied as it is, I have spent few week ends there. If the hon. gentleman

had got in touch with me he would have saved himself a tremendous amount of heart-searching and examination of history. I tell him now that it has not been and will not be established as the Prime Minister's country residence as far as I am concerned. As I see it, there is no purpose in that regard. This place was occupied from time to time in the summers by one official or another, and if my hon. friend feels that grave wrong has been done let me tell him that he is as astray as it is possible for anyone to be.

The property was unoccupied except for periods of a week, ten days or two weeks in the last three years. Being unoccupied, I did not think there would be anyone who would search the recesses of history in order to make a facetious speech with regard to something that has no foundation. I have great respect and regard for the hon. member and I think his researches into the fields of history could have been exercised in a better cause.

As far as I am concerned, there is no country home established for the Prime Minister and it is not my purpose to have one so established. The place was unoccupied except for short periods when various officials were there for week ends. I do not want to understate the matter but the total amount of occupancy on week ends—I may have to correct what I said earlier—does not extend altogether beyond five or six days. If my hon. friend has any criticism to make under these circumstances I should like to hear it.

Mr. Herridge: Let me say that I have none under the circumstances but I have given the Prime Minister the opportunity to correct the false impression caused by some press reports. I may say further that these ideas were formed because I could not sleep early this morning.

Mr. Pascoe: Mr. Chairman, my remarks will be very brief. I am certainly in agreement with the statement of the Prime Minister regarding the improvement and development of the national capital area. I am sure we all agree that the capital, as he said, should be worthy of Canada and its people. My reason for rising at this time is to endorse the Prime Minister's views regarding the preservation of records of the historic past throughout our great country. In my own city of Moose Jaw we have some historic links with the past which we are attempting to preserve through the voluntary efforts of a museum committee of which I have the honour to be a member. The museum has been housed in a school building and has drawn a great many visitors. Now we have been told that we have to vacate because the space is required to accommodate the growing population of school children.

That is a local problem for us, of course, but I think it emphasizes the point I am trying to make, the need for greater encouragement by all levels of government to local areas to preserve their historic relics so that, as the Prime Minister states, the traditions and history of the past shall not lightly be removed or forgotten. I realize, as I said, that this is mainly a local and provincial problem and we receive some assistance from those sources, but I would hope that when the country's capital is being enlarged and its historic background preserved for all time the federal department in charge of historic records would also give greater encouragement and assistance, if that is possible, to the preservation of local history in other areas. I should like to endorse the principle of preserving historic records implied in the resolution presented by the Prime Minister and directly referred to by him in his remarks.

(Translation):

Mr. Caron: Mr. Chairman, in connection with this proposed resolution, which is of the very greatest importance in so far as the national capital is concerned, I think I should rise at this time to express the feelings of the great forgotten men on the Quebec side. In fact, over the years, the Quebec side of this area has been looked upon as something of a gangway leading to the lovely Gatineau area, so that people from the national capital may enjoy scenic beauty without parallel in the world: a national park like that one, only a few minutes drive from the capital itself.

I might say that the city of Hull, founded several years before the city of Ottawa, did not have a railway station until 1901. In that year, the authorities condescended to build a station and to make the city a train stop. However, the station was not called Hull, but Beamer. There again, the name of the first town built, in this area, on the banks of the Ottawa river, was being overlooked.

When it came to putting up buildings other that those absolutely required for administrative purposes, the city of Hull was forgotten for years. True, on my representations, a new post office was eventually erected; but that building was most urgently required indeed. The old structure was actually falling to pieces and could no longer accommodate the parcel post department, either for incoming or outgoing items. The building was not completed until 1956.

It is true that the new printing bureau was also built in Hull, but unfortunately certain people, just because this happened to be on

the Quebec side, have indulged in what I consider unseemly criticism. I propose to deal with this matter later on, in some other debate.

A moment ago, the hon. member for Carleton (Mr. Bell) speaking of buildings, stated —and rightly so—that due regard must be had for aesthetics. Nobody will quarrel with this, but aesthetics in architecture can vary according to people's tastes.

At salons or art exhibitions, for instance, you will see people raving over a Picasso who are quite unmoved by a Millet. It only shows that tastes vary and that different people see beauty in entirely different things. Just the same, I agree with the hon. member for Carleton, and I think we could preserve in the area some of the architectural style found in the parliament buildings, or the Confederation and Justice buildings. They give Ottawa its particular cachet. I also think that we should think of Hull as the possible site for other buildings in this sector of the national capital. It should be remembered that while the Quebec side covers a larger part of the area of the national capital than does the Ontario side, Hull gets only a small portion of the favours granted in this field.

As for representation on the commission—this is a point I wish to emphasize—it will be noted that the Hull or Quebec side representation was made up of only two members, namely, the mayor of the city of Hull and Mrs. Fontaine who, for a number of years, had been representing the Quebec side. On the other hand, the Ottawa side had eight representatives on the commission. There was the chairman, Major General Kennedy, an Ottawa resident, Mr. Charles Camsell of Ottawa, Mr. Ewart of Ottawa, Colonel Fraser of Ottawa, Mr. Lawrence Freiman of Ottawa, Mr. A. J. Major of Ottawa and Dr. R. A. Valin of Ottawa. Moreover, there was the then mayoress of Ottawa, the present mayor of Ottawa, whereas Hull had only two representatives, namely the mayor and Mrs. Fontaine.

I think that, considering the area of the national capital which is on the Quebec side, the Hull representation on the commission should include at least three Hull citizens, namely one for the rural part of the Hull constituency, one for the Gatineau part and one for the Pontiac part.

If the appointment of these individuals should create difficulties, we could always fall back on the metropolitan council which comprises about all the municipalities on the Quebec side interested in the national capital. We have, for example, East Templeton, the municipality of Templeton, the village of Templeton, North Templeton, West Templeton, the town of Gatineau, the city of Hull, the village of Pointe-Gatineau, the municipalities of East Hull, West Hull and South Hull, Wakefield, the township of Wakefield, the municipality of East Wakefield, St. Cecile de Masham, North Masham, Eardley, the village of Deschene, the town of Aylmer, South Onslow and North Onslow as well as the village of Quyon. These municipalities on the Quebec side are all members of the metropolitan council and council officials could be asked to name representatives of the different sections, that is one for the rural parts of the constituency of Hull, one for the Gatineau section and one for the Pontiac section; I am sure that the people who would be appointed by that council could not be accused of intending to introduce politics in the commission since we do not know in advance what representatives the metropolitan council could appoint. Contrary to what the hon. member for Carleton said a moment ago, not only the cities of Hull and Aylmer are interested in a national capital; in fact, a good number of other municipalities are just as much interested if not more.

Another remark I wish to make has to do with bilingualism. I congratulate the federal district commission on that score. During the two years when I was a member of the commission, I advocated bilingualism. For a number of years, they had forgotten to put up bilingual signs even on the Quebec side.

I am quite prepared to believe it was not intentional; it was merely an oversight; and you know how easily human nature can cause people to forget certain things. At all events, I think I repeated my objections when we appeared before the committee which examined the federal district act in 1956. I asked the committee to refer the matter to the federal district commission, and urged them to have proper regard for bilingualism in the federal field. In this connection, I am heartened by the words of the Prime Minister this morning when he revealed to us the bilingual policy of the federal government.

Now, the federal district commission is part of the federal government. Also, I want to congratulate its members, inasmuch as for some time past they have agreed to use bilingual notices. This simplifies things, and it shows foreigners coming here that, on a federal plane, we are a fully bilingual country.

Quite a few people came to give explanations and descriptions of the areas at the sessions of this committee of inquiry. As the member for Villeneuve (Mr. Dumas) has just reminded us, we heard, first of all, Major General Kennedy, formerly chairman of the federal district commission. We heard Mr. Marcel Couture, chief accountant; Mr. Jacques Greber, internationally known town-planner, who directed the commission's work for a good many years, and who now acts as their advisor; Mr. D. L. McDonald, director of planning, preparation; Mr. Allan K. Hay, general manager; Mr. Walter Walker, public relations director. We heard Mr. Stewart Bates, chairman of the Central Mortage and Housing Corporation; Dr. A. E. Berry, sanitary engineer of Toronto, who spoke of water pollution; Mr. Quipp, president of the western Quebec metropolitan commission; the representations of the city of Aylmer, through Mr. Proulx, its alderman. The city of Hull was represented by its mayor, Mr. Moncion, who was assisted by the city clerk, the legal advisor, the treasurer, the engineer, the assessor, the buildings inspector, the police director, in addition to the Hull chamber of commerce, the junior chamber of commerce, the retail merchant's association, and several other associations from Quebec. All those associations were asking, on behalf of the Quebec side, a better share, as far as representation is concerned. And they were right. That is why I believe that now that we are about to revise the act, that we are considering it as a whole, it is time that those anomalies be removed.

Some might ask: "Why did you not say these things when the Liberals were in power?" Well, I said so, I made those requests and still request those things, and if I believe that our representation in the past was not in keeping with the one we should have had, I repeat that a new wrong does not right a past one. At the moment we are not looking at the past; we are concerned with the present and I urge the Prime Minister and ask all those who are in his confidence to see to it that this anomaly which exists in our area through the poor Quebec representation in the federal district commission, be removed.

We have here a bridge which is a real disgrace. For many years we have been asking for a new bridge, and the federal government has always been and still is ready to remedy the situation. The government of Ontario has given its assent but the Quebec government is holding back saying that since the bridge is for the federal capital district, it is up to the federal government to build it. I do not want to enter into a controversy on the subject, but since we are amending the national capital act, we could also decide this matter, as such a disgrace cannot go on indefinitely. When we see traffic held up sixty or seventy-five minutes during rush hours, it is time something was done.

We have spent $20 million on the so-called green belt. Now, a green belt is essential for several reasons. First of all, it is not so much a green belt as an intermediate zone between rural and urban areas. However if we are able to spend $20 million to establish and maintain a green belt around a city with industrial plants—it is, indeed, necessary where there is industry—surely we can also spend over the next few years several million dollars to make the bridge practicable and eliminate the present ghastly conditions.

I respectfully request that, when we come to vote the estimates for the new national capital, we might some time include certain amounts for the building of a bridge.

Much has been said about water pollution. This water pollution has been presented like an evil mainly due to industry. I heard that matter discussed by Dr. Berry and, more recently still, we heard an expert from the Eddy Company, a chemical engineer, produce evidence to demonstrate that the industries were not the main causes of pollution. Though he admitted that they were responsible, to a certain degree, he held that such pollution for which they could be held liable could not really affect the purity of the water. He added that the great cause of pollution is the fact that sewage is poured into the river by the city of Ottawa, the city of Hull, the towns of Aylmer and Gatineau and surrounding municipalities. That problem must be settled. I am convinced that this is far beyond the means of the municipalities concerned. I will go so far as to say that this even goes beyond the capacity of the provincial governments that are quite incapable, by themselves, of assuming full responsibility in this regard. The federal government then, through the commission which is about to be set up, should hear experts representing both sides—those who claim the factories are largely responsible and those who claim that municipal sewage is mainly to blame—and attempt to determine where, exactly, this responsibility rests.

Of one thing I am sure and that is: municipal sewage is really the cause of considerable pollution. It follows that the government will have to come to an agreement with the municipal governments to help them build sewer systems and purification plants so as to make the Ottawa river what it was years ago, that is a fine place for canoeing or boating and even for swimming.

This brings me to the green belt question. I know that, especially outside this house, many have criticized the spending for the purchase of lands for the maintenance of this green belt because, so they say, this will become lost land and the cost is, so to speak, exorbitant.

If they had heard the experts telling the commission dealing with this matter that a green belt girdling a great city is as essential to it as trees are to the countryside, so as to maintain moisture in the soil and purify the air, they would certainly wish the good work to go on.

I am convinced that the policy followed in the past, and being adopted now, must be continued, so that we may not only cleanse the air around us but also brighten the picture both for residents and for visitors to Ottawa.

Another thing. While there are many lakes in the national capital area itself, there are not enough fish in them to make them reasonably attractive to anglers. I feel that the federal district commission, or rather the national capital commission should set up a fish breeding station in order to stock those various lakes, making it possible for visitors to this area to fish those waters.

A few years ago I was in Granby. The mayor of that town has publicized it in every imaginable way. He has even set up an artificial lake which is stocked with fish, and visitors were being invited to fish from a little bridge across that pond. This is a wonderful attraction for out-of-town visitors. If our lakes have been fished out to a large extent, it is because the fishing done out there by our people has been carried out in an unreasonable way, and even, on occasion, illegally. If we could manage to have a fish-breeding station, we could supply our lakes and it would profit the national capital.

Now, the French version of the title reads: "Commission de la capitale nationale", while the English version has it: "The national capital commission". Now, I think this title is not quite comprehensive enough. It seems to apply solely to the city of Ottawa, which is the national capital. In my opinion, we could change this without much difficulty because, today, initials rather than full titles are used. If it were called the regional commission of the national capital, or the metropolitan commission of the national capital, this would indicate that its area extends well beyond the city of Ottawa and would tend to please the people on the other side of the river, who have always had misgivings about the federal district commission. The word "district" seemed to give the impression that the intention about the national capital was to set up a district along the lines of the district of Columbia and people on both sides of the river were strongly opposed to this.

They wanted to remain themselves, and to go on running their businesses. We know that residents of the district of Columbia, U.S.A., consider that district to be the greatest fiasco in the world; we do not want that to be a pattern for Canada. Let me add that I appreciate fully that nothing was further from the thoughts of either the former prime minister or the present one and his colleagues, but who knows that someone might not one day wish to turn this place into another district of Columbia? And so, in order to rid ourselves of that apprehension, would it not be expedient to change the name to "regional commission of the national capital", or metropolitan commission of the national capital"?

There you have, I think, the kernel of my thoughts for today. When the bill itself comes up, we will examine it with an open mind and hope to be able to suggest amendments. For we are not pandering to party politics, but acting as the servants of a community; and it is up to all the political parties holding office in the future to respect the common accord on which we shall be asked to set our seal during the next few days.

It is my hope that, once the resolution has been adopted, this bill will be introduced as swiftly as possible, so that we may have a few days at our disposal to examine it and to cast the amendments we shall judge appropriate.

Mr. Campeau: Mr. Chairman, rising as I do, for the first time in this house, may I be allowed to express first and foremost to the citizens of the riding of St. Jacques, all

my thanks for the confidence they kindly put in me when they entrusted me with the representation in the Canadian parliament of one of the oldest counties on the island of Montreal.

As a professional town-planner, I would like, Mr. Chairman, to commend the Prime Minister (Mr. Diefenbaker) for his happy thought when he gave us the guarantee that the major elements of the general national capital plan would be carried out in the near future.

As a matter of fact, the bill that has been introduced is, without any doubt, one of the most important ones submitted to date on the national level with regard to town-planning.

One of the main tasks of the federal government today in the field of town-planning is, indeed, to give to the nation a national capital of which all Canadian citizens may be proud.

The speech from the throne, at the beginning of May, announced federal legislation designed to insure a long-term functional development of the national capital. The legislation now before the house is designed to reorganize the federal district commission so as to insure the carrying on of the embellishment program of Ottawa and its environments, as well as to endow the whole nation with a capital city in keeping with its progress. One of the main provisions aimed at by this embellishment program is the protection of the green belt provided under the capital development plan.

The federal government will put several million dollars at the disposal of the commission to expropriate lands included in this green belt.

The federal district commission has sought without success to prevent construction in that green belt. So that, after due consideration, it was resolved that the best means of achieving this green belt was not by zoning, but indeed by expropriation. By experience, I can state that such a decision is sound and, moreover, the only practical one.

The aim is to keep that area as a reserve for future extensions and to make sure that, in future years, the capital shall not have to spend money through various public services for districts laid out in a haphazard way.

It is expected that the population of Ottawa will reach about 600,000 by 1980; it is now about 230,000. Water and sewer services have been anticipated for that figure and a faster growth would mean an alteration of plans prepared at great cost. The federal district commission has already invested many millions of dollars in the present program of municipal services.

The green belt will serve as a barrier, maintaining the metropolitan area within the limits of 600,000 inhabitants. New districts could be built outside it but would have to be serviced by suburban municipalities.

When he announced the bill, the Prime Minister indicated that the crown would buy those properties and would lease them, with the reservation that all necessary restrictions to carry out the objective would be applied.

The Prime Minister added that areas to be included in the green belt, and the limits with regard to the use of the lands therein, would be settled and submitted to the approval of the government by the federal district commission after consultation with the interested local authorities. The government wants to be assured that the views of the local people interested in the matter with regard to detail will be considered.

As the Prime Minister rightly indicated in this parliament, experience has shown—and my own experience as a town-planner cannot but confirm it—that if efficient control is not exercised in this respect, cities tend to draw themselves out into suburbs. The result is what we can call ribbon development, which cannot be reconciled with long-term programs that are essential if the capital of Canada is to be preserved and developed so as to justify and rouse the pride of present and future generations.

The Prime Minister also mentioned the need for implementing a number of other development and improvement projects for the national capital.

We are convinced that, through the understanding the Prime Minister has always shown with respect to city planning, and owing to his energy, the national capital will, before long, be a true symbol of the greatness of the Canadian nation. As a town planner I cannot but wish, Mr. Chairman, that the legislation now before the house will be passed as soon as possible.

(Text):

Mr. McIlraith: Mr. Chairman, I think it has been made clear from the speeches thus far that practically all members in this house

welcome this resolution. I must say that I am very glad it has now been brought forward.

It is rather interesting to note the development over the years of this whole concept. The first commission was known as the Ottawa improvement commission and as the country and the capital developed, the name was changed and the powers under the legislation were also changed and enlarged. From 1927 on the commission was known as the federal district commission. We are today taking one more step through the resolution we are now discussing and which, as I understand it, proposes among other things to change the name of the commission to the national capital commission.

When one considers the whole subject and what has been done thus far, he cannot but admire the foresight of the persons who dealt with this matter in the early days, when it was not a popular subject which gained universal support in all parts of the country. For my own part I would like to acknowledge the foresight of the politicians in all parties back as far as the late 1890's and in the years since. One cannot but feel indebted to these politicians for their work which, in relation to their times, was of very real importance. I would also like to say a word of appreciation for the work done by the members of the various commissions and by the employees of those commissions. Such work, especially in the case of the commissioners, who receive no compensation, and the employees who have received inadequate compensation, deserves acknowledgment and commendation. I wish to express my appreciation to them and have it placed on the record.

The resolution stage, I suppose, is the stage at which questions on this subject should be asked but before asking some questions I should like to make one or two more general remarks which I think must be borne in mind when considering this proposal. A great deal has been said about the non-partisan nature of this measure. At the risk of being somewhat repetitious I should like to reiterate those words and point out that there is a real need for approaching this matter in a non-partisan way. That genuine need arises for two main reasons altogether outside of this house, one of them being a need for having what is achieved in national capital development appreciated by Canadians from all parts of the country regardless of their political outlook or affiliation.

There is also another very practical reason —and in dealing with legislation we have to be practical—and that is that it is inevitable with regard to this subject that we come up against the problem of provincial and municipal jurisdiction. Indeed, in some of these problems I confess I am not quite clear where federal jurisdiction ends and provincial jurisdiction begins and where municipal jurisdiction begins and ends. In any event as a practical matter it is important that any real work that is done be accomplished with the concurrence and approval, tacit or otherwise, of all three levels of government in the particular areas concerned. We must bear in mind the number of municipalities involved, the difficulties local in nature that these municipalities have, the common financial difficulties with which they are all faced and the underlying question of provincial jurisdiction in this whole matter. When one considers these matters one appreciates the necessity for always seeking to treat this resolution and the measures that will follow it as non-partisan measures.

I must be frank to admit that this does involve some problems. It very often means that one has to forbear when one would perhaps like to differ a bit concerning some small, relatively unimportant phase of a matter that is brought forward for discussion. One must refrain from stepping in to strongly attack an individual concerning some question of policy. But I believe the forbearance from taking a partisan approach is worth while and will eventually lead us all to realize more quickly the end which we have in mind and hope to achieve through this legislation.

I have always felt that it is particularly fortunate that Ottawa was chosen as the capital of this nation. Lest some hon. gentlemen think I say that merely because at the moment I happen to have the honour of representing a part of this capital city I hasten to assure them that is not my reason for stating that view. The truth of the matter is that the concept of this great country and its history is very accurately expressed through the idea of a capital city with its government buildings located on top of a cliff overlooking a magnificent river. In the case of Ottawa the parliament buildings are high on a cliff overlooking the beautiful Ottawa river across which there is the magnificent panorama of the hills of another province. I have always had difficulty expressing in words my concept of the background and history of Canada but that concept is symbolized and given eloquent physical expression through the present location of the capital buildings being located on the Ottawa river with more poignancy than any words of mine could depict. I find my own ability with the English language wholly inadequate to express my ideas in this regard. Nonetheless I adhere to those ideas and seek on occasions where I can to lend my support

to any measure that will perfect the concept the material expression of which found reality through those who chose this city as the site of the capital of Canada. I hope that over the years all Canadians will come to regard the site of their capital in that light.

It has been interesting to observe the development that has taken place in the national capital even within my own time as one taking an active interest in this matter. It is fascinating to note how the development of Canada is reflected in the growth and development of its capital city. Indeed, as the nation has developed over the years the capital has kept pace with that development. It seems to me it does not grow much faster or much slower than the country as a whole but almost at the same pace.

The implementing of the national capital plan is a continuing operation. I hope no hon. member here today will regard this resolution as embodying a few items of public works that are to be accomplished in any given time. The work of improving the capital of Canada must never be finished. It must be continuing and continuous and I hope it will always be viewed in that light. Having said that I must comment that we are now at a stage in the development of the plan where we are taking steps to ensure the continuity of action in this regard. When the Prime Minister enters the chamber I should like to ask him one or two questions which in my opinion are strictly relevant to the resolution before us.

Perhaps before the Prime Minister returns I might make one or two observations which I trust he will appreciate and not misunderstand. I address these comments to him as the person through whom the commission will report to this house. My observations relate firstly to the green belt area which represents a very large expropriation of lands through the use of public funds. When this vast amount of real estate is expropriated its management and operation will tax the capacity of the commission and I would hope that as the pressures of management on the commission grow, the Prime Minister will not allow that to crowd out and overshadow the proper activities of the commission in other respects. That is, I hope he will not let the practical things arising out of the demand for the management of this vast acreage of real estate crowd out the attention that needs to be given, and will require to be given over the years to the development of the rest of the national capital itself.

The same observation applies to the park area. We have now a vast park area in the Gatineau hills, a far-sighted policy in acquiring those lands, that has been carried out. The state now owns that land. I hope that the pressure for development of that vast and wonderful parkland will not be such as to divert the attention of the commission from the development of the capital itself. There is always the danger of that because, in the art of politics and the administration of government business, as I suspect the Prime Minister has found out, it is only possible to make so much money available each year. It is never as much as those of us who are particularly interested in any particular scheme would wish, and it has to be used as best it can be used. I hope that the Prime Minister will keep—if I may use a somewhat slangy expression—his eye on the ball in this, and keep always before him the idea of the development of the national capital. Then, these other very important and very good projects in the scheme, which I speak very highly of, will fall into their proper places and not displace the main objective.

Since I have some general questions having to do with the resolution, perhaps I can state them now and the Prime Minister can answer them either one at a time or later if he sees fit to do so. Perhaps if I state them now it will be the best way for me to do it. I know the Prime Minister cannot deal with the individual sections of the bill, but I should like to ask him at this stage whether there are any main aspects or main principles on which this bill differs from the previous bill introduced by the last government on, I think, April 8, 1957?

Then, what about the method of financing the new commission? Will the Prime Minister say something at this stage about the method of providing the financing; that is, the necessity for funds which will be in the nature of capital and which will not lapse at the end of a financial year and the provision of the operating funds for the annual maintenance work. What I have in mind is the type of problem that arose in June, 1948, when the national capital resolution was before the house. I think the Prime Minister is probably quite familiar with the debate at that time. He will recall particularly the speech of the Prime Minister of that day, the Right Hon. Mackenzie King, when he was bringing the resolution before the house, approving certain capital grants to be expended through the federal district commission for the national capital development. Does he envisage under this legislation the same sort of thing? Is it going to require a resolution of that sort, or what form will the financing take?

Then I should like to ask him about the commission itself. He will notice that when the previous bill was introduced by the

former prime minister, Mr. St. Laurent, in 1957, a good deal was said about the operations of the commission itself; that is, how it was proposed to be set up. I wonder whether the Prime Minister would feel free to tell the committee just what he envisages in that respect?

There was some discussion about an executive committee, the size of the commission and that sort of thing. That raises the question of the chairmanship of the commission. Always, until the very last few years, the chairman of the federal district commission received no compensation whatever. The work of the commission has become so onerous now that it is getting to be a full-time job requiring the time of a thoroughly competent, full-time man. Can the Prime Minister tell us what he envisages in that respect? What are the plans?

Then there are some smaller matters, but it seems to me this is the proper place to raise them. There is the very important matter dealt with by the committee, namely the pollution of the Ottawa river. I may tell persons who do not know and who think it is a dirty river that it is a wonderful river. It is dirty in this area because we people have polluted it. It is actually a very clean stream, and I myself have caught Quebec red trout in the Ottawa river not very far from here. In areas where there are no towns to pollute the river it is naturally very clean; it is a magnificent river.

A good deal of discussion, with which I was familiar at the time, went on with the former government about sewage disposal in the city of Ottawa and the part of the federal government in that. The subject is very much a live issue again at the municipal level, and action is being taken. If the Prime Minister is in a position today to tell us—I do not know whether he is or not—I would ask him to tell us what he can about the participation of the federal government in that scheme. If he is not in a position to tell us I will understand because I know that these things require some negotiation. I think he will also appreciate my interest to get on with the scheme as quickly as possible and have this pollution stopped. I could express myself in very strong language on that but perhaps there is no need for it. I think all hon. members share the same view as I do on that matter and when I was sitting here this afternoon I could not help but recall the views expressed by the late Dr. Blair on the subject. For my part, I wish that he was here today to encourage the government to do all it can to speed up the solving of that problem.

There are some other smaller matters. When this work was carried on by the Ottawa improvement commission, at one stage it was thought that the south boundary of the city was in what is now the centre town section and the driveway system, which we are all proud of now, extended along what is now Clemow avenue and Monkland. That was under the Ottawa improvement commission but it is now under the jurisdiction of the federal district commission. Owing to some legal technical difficulties it is very difficult to have that removed from the jurisdiction of the federal district commission and put back under the jurisdiction of the city where, I think, most persons concerned with the maintenance of those streets agree that it belongs. As I see the legal problems, the way to clear them up is by provincial legislation and I would hope that the Prime Minister might find a moment in his busy days to draw that fact to the attention of the appropriate provincial authorities so that the necessary provincial legislation can be enacted to put the matter under the jurisdiction of the city.

There is also a small thing that somewhat alarms me. I understand that it is proposed to put parking meters on Wellington street immediately in front of parliament hill. I am not absolutely sure of my facts but I understand that is so. If there is anything in it I hope the Prime Minister will use his office to see that it is not done or even have his Minister of Public Works do what he can to see that it does not take place.

Mr. Green: It has nothing to do with me.

Mr. McIlraith: I think I can help the Prime Minister a little bit here. I think there may be some work done by the Department of Public Works or some spending of the taxpayers' money. There used to be and I would ask the minister to check that closely. I know it is a small thing but I find that the combination of small things can interfere with something much bigger. I hope the Prime Minister does not mind me mentioning these smaller things at this time.

There are other matters but there will be an opportunity to ask about them in more detail later. I should also like the Prime Minister to tell us what main projects he has in mind requiring a substantial expenditure of money in the immediately foreseeable future. These things take time to develop fully. I am particularly interested in aspects. In 1947 expropriation proceedings were started with regard to properties along the Ottawa river with a view to completing the driveway system along the river in a westerly direction from the centre of the city. The expropriations are completed and

the big expenditures have been incurred. It is now a matter of developing the driveway itself. I am very keen that this should be done. I think the timing is right now to proceed. When there was a post-war housing shortage it was not desirable to go into the area and evict people for a development of this kind and the expropriations took somewhat longer than normal for that reason. They have now been completed and I would hope it would be possible to get on with the project.

Work also requires to be done to develop the driveway system along the south and southeast shore of the Rideau river. I hope that project will be among those undertaken at an early date. Then there is the matter of expropriations in the Sussex street area. I would hope it would also be possible to develop that project rapidly. The sites I am talking about so arouse my enthusiasm that I find it difficult to use moderate language in describing them. I hope that among hon. members there are those who like to walk or, indeed, to drive if they must drive, on those days when we are not fully engaged here and who will examine the areas about which I am talking for themselves. If they do I think they will share my enthusiasm for the site chosen by our forebears as the national capital of Canada. I hope that in the years to come the commission we are now establishing and its successors will continue the good work so very well undertaken by the Ottawa improvement commission and the federal district commission.

Mr. Martineau: Mr. Chairman, it is indeed expedient that this committee should consider the adoption of this resolution which provides for the improvement and enlargement of the national capital area. I should like to congratulate the Prime Minister particularly on his initiative and I am sure, as hon. members who have spoken so far have indicated, that in this undertaking he has the unanimous support of members on both sides of the house. While at this stage we are planning for the future greatness of our capital city, I believe it is not entirely uninteresting or inappropriate to look back into the past to see how our capital city has evolved from a very humble beginning and how its development has been influenced by a multitude of chances and events that none could have foreseen.

This site, of which some members have spoken so eloquently and which today is the site of our great capital, was known for unrecorded centuries by succeeding tribes of Indians who travelled the majestic river of which we are so proud, a river that in the days of the Indians was known as the Grand river and in Indian bore the name Kit-chi-sippi. For many centuries before the dawn of the history of North America the Indians looked at these cliffs and hills and certainly they never thought that some day the great capital city of a growing power would be situated on these hills.

To come closer to our own time, we are familiar with the voyages of Samuel de Champlain who bivouacked not far from here and who, indeed, was the first to note in his records the natural phenomenon of a spray or curtain from which the name of the Rideau river originated. It is in memory of his journeys that on Nepean point in this city we have a bronze statue to that great explorer and founder of New France and of Canada. After Champlain there followed wave upon wave of explorers, traders and missionaries who knew the Ottawa river and who also no doubt admired the wonderful scenery presented by what is now the hill of parliament.

Later, military men surveyed the sites and in 1791 the legislature of Canada recommended the forks of the Ottawa and Rideau rivers as the site of a future military fort or a fortified city. Then came the Napoleonic wars and the American revolutionary war, and as a result the Ottawa river area became known as a great source for white pine timber. It was truly this quest for timber that opened up the Ottawa valley, and it was the succeeding generations of lumbermen, lumberjacks and farmers that opened up this valley.

After the union of the two Canadas, Mr. Chairman, Ottawa came, by mere chance I would say, as a result of the bickering of other cities, older and more famous, who claimed to have a greater right to become the capital city of the new nation that was to be born, to be chosen as the capital city. It is interesting to read from the proclamation of Queen Victoria on December 31, 1857, with reference to Bytown:

> —as in the judgment of Her Majesty, combining more advantages than any other place in Canada for the permanent seat of the future government.

Indeed, when Queen Victoria fixed her choice on Ottawa as the future capital many of the inhabitants of the older cities of Canada sneered. As a matter of fact, a certain gentleman from Toronto, who was known as a gentleman philosopher, commented that this sub-Arctic lumber village was suddenly converted, by royal mandate, into a political cockpit. Despite the unpopularity of the choice of Ottawa, nevertheless in 1860 the then Prince of Wales, who afterwards became King Edward VII, laid the cornerstone of the new parliament buildings of the nation of Upper and Lower

Canada. It was only in 1865, almost eight years after its choice, that the public services were finally moved and housed in the new buildings erected for that purpose in Ottawa.

Since those primitive days the sub-Arctic village certainly has progressed. It was in 1896 that the then prime minister of Canada, Sir Wilfrid Laurier, envisaged, I believe for the first time, the future greatness of our nation and of this capital city. He referred to Ottawa in those days as the new Washington of the north. It was in 1899 that the first improvement commission, to which the hon. member for Ottawa West referred, was founded. From then onward the city progressed with amazing rapidity; so much so that in 1938 the Jacques Greber plan for the improvement of the capital area was adopted by the national government. This plan provided particularly for confederation square and the enlargement of Elgin street into the wide boulevard that we know today. In 1945, the federal district commission was enlarged, as well as the federal district area until it comprised an area of some 900 square miles.

Today we are again taking stock of our capital and its resources. We are again looking towards the expansion of the national capital area, and we are doubling this area. I submit that when we do so, we should do so in the light of the greatness that appears to be promised for our country; in the light also of modern conditions and modern methods of communication. Today the entire world has shrunk and distances no longer mean anything. If we consider modern technology and so on we can, and this is certainly no dream, look forward to the day when Ottawa will be one of the great cities of the world. It is fitting that it become one of the great cities of the world because it is destined to be the capital of one of the great countries of the world.

I feel that we should plan accordingly. We should plan for that greatness. We should plan for the future, and that is why I am in agreement with this resolution, with the planning and foresight that the Prime Minister has shown in introducing it to the house. Hon. members have spoken of the great technical problems that are connected with the future growth of this city. These problems include the mastery of the vexing question of pollution of the waters. They include also an increase in the number of bridges across the Ottawa river. For many years a new bridge across the Ottawa river has been requested by all the authorities. I should like to join with all those who have fought to obtain this bridge, and I feel sure that with the right job of planning we will have it in the near future.

I am thinking also of the green belt area and of Gatineau park. I mentioned earlier that methods of communication have been revolutionized; that distances no longer mean anything. I think future residents of this capital would certainly appreciate a scenic driveway outside of Ottawa that would cover more than the few short miles that can be travelled today in minutes. We should plan for a long scenic driveway out of the city of Ottawa. When I speak of scenery, I naturally think of the Gatineau hills and my own constituency of Pontiac. I think that following the adoption of this resolution much thought should be given to the establishment of a beautiful, scenic driveway along the Ottawa river, along that great, historic and majestic river which was known for so many years before the dawn of our own era, and which was a great artery of travel many years ago.

In order to create a driveway, we must extend the capital area for 60 or perhaps 100 miles along the north and south shores of the Ottawa river. We should plan also for future bridges so that the inhabitants of our capital will be able to drive out to these beautiful places and have the necessary accommodation to enjoy them.

That means good roads. It also means stopping places along the road, parks and so on. These facilities have been begun but so far they are only a beginning. We must continue to expand them so that really and truly our capital city will be not only a city but a great area of beauty, a fitting tribute to the nation that we all know Canada is destined to be; and that it will also be a place to which diplomats from foreign countries and notable visitors may come, may relax and may enjoy something that is typically Canadian,—because it has scenery which is different and cannot be found anywhere else in the world,—is typical of our own country and of our sort of people. In doing that I think we are planning the future course of Ottawa. That is the way in which I like to look forward to the days ahead; to Ottawa, a great city, the capital of a great country.

In closing I should just like to read this quotation from the Scriptures. I may be something for our planning fathers to remember. I read as follows:

> Except the Lord build the house, they labour in vain that build it: except the Lord keep the city, the watchman waketh but in vain.

(Translation):

Mr. Gour: Mr. Chairman, it gives me great pleasure to commend the right hon. Prime Minister (Mr. Diefenbaker) for having introduced this resolution in the house. However,

I wish he had submitted it during the 1957 session. Yes I am very pleased it has been done during the current session.

At the same time I cannot but congratulate the Right Hon. Mr. St. Laurent for having appointed, in 1956, a joint committee of the higher and lower houses and the federal district commission, the fruits of which will soon be harvested. I also cannot but recall here former prime ministers like the Right Hon. Mr. Mackenzie King, the Right Hon. R. B. Bennett, the Right Hon. Mr. Borden, as well as one of the greatest men who contributed to the forming of our country, Sir Wilfrid Laurier. They all have very efficiently contributed to the development of Canada's national capital, of the region of Hull and of surrounding districts. I remind hon. members of these names because I am afraid that a number of new Conservative representatives have been thinking that before the session which began on June 10th last year, nothing had ever been done in our country. Indeed, they seem to believe that our country was not born until then. If those people discovered our country only on June 10th last, I may say that they made a fine discovery.

While I am handing out bouquets, may I be allowed, Mr. Chairman, to pursue in the same vein. I have always been interested in the federal district commision, as it was called. We now call it the national capital commission. I want to commend the various successive chairmen of that commission who have all been worthy of this honour, as all interested in the commission, as I have been for a long time, could see for themselves.

My friend the hon. member for Carleton (Mr. Bell) refers to it, in English, a "new development"; I do not call it a "new development", in French, but rather a continuation of what was done previously. In fact, it is merely a continuation of what was already started. I am glad to know that we are in a position to carry on the work. I therefore take pleasure in congratulating all who have contributed to the work of the commission previously known under the name of federal district commission.

My good friend from Carleton, according to a report published in the Ottawa newspapers, has claimed that the federal district commission had done nothing. "Nothing was done", he said. I am somewhat nonplussed at a statement like that because I thought he was very well informed. I should like to tell him that no city has achieved so great development, in so short a time, as the capital of Canada, the city of Ottawa. Anyone who reads the history of any country—I do not know how you say it in English, but, in French, to those who complain that things are not going fast enough, we answer that Paris was not built in a day—will realize that the capital of Canada is bound to continue to develop with time. I congratulate the hon. member for Ottawa West (Mr. McIlraith) who said a moment ago that the development of the capital of Canada will not be completed this year but will go on as long as Canada continues to exist.

I congratulate the distinguished town-planner, Mr. Jacques Greber, who has drawn the plan of the federal capital. I was able, during the meetings of the committee in 1956, to ask him whether he believed that Canada and the city of Ottawa would develop at the same rate as during the past ten or twelve years, and his answer was: "Not at all, in my opinion, the city of Ottawa grew 10 years sooner than I expected". I was glad to hear that admission on the part of such a qualified man; that was when the Liberals were in power and, consequently, they had been the promoters of that fast development of the capital city. It has been said repeatedly that Ottawa will be a fine city; I would prefer however that my good friends admit that it is not only the finest city, but also one of the finest capitals that can be found.

Of all the capital cities I have visited—and there are at least seventeen of them—I have never found one as lovely as Ottawa, taking into account, of course its population and the number of years it has been the capital of this country.

I have been to the capital cities of the United States, England and other countries, but of all the cities I have visited none is as beautiful as the city of Ottawa. I have travelled almost the length and breadth of the United States, England, France and Italy, I have been to parts of Holland, Switzerland, Spain, Belgium, Egypt and Greece. There is no finer city, anywhere, than Ottawa, and I do not care who says otherwise! And that is not only because of its parks and buildings, but because of the sterling qualities of the people who live here. Whatever their race, or creed or class, they all live in harmony. Nobody will convince me that tourists are not well received in Ottawa.

I am sorry that one hon. member heard from another hon. member that there were garbage cans on the sidewalks. I have been to other cities and I can say to this gentlemen that he could very well begin by looking to his own city. He would probably find garbage

cans right in front of his own house. Why go around saying in newspapers that there are a few garbage cans on the sidewalk or that some houses should be rebuilt? Obviously, there will always be some obsolescent housing and, forty years from now, houses that are new at this time will have to be replaced.

I would therefore urge the Prime Minister to ask that enough money be voted, because it takes a lot of it, and besides this, it will give jobs to the unemployed.

So, I hope, first, that the green belt matter will be settled as soon as possible while at the same time justice is done to the property owners of this area.

Care will have to be taken also that the commission does not pay exorbitant prices to some individuals who have purchased land for the mere purpose of speculation. Some profiteers who have purchased land in this area should not make excessive profits on the land to be purchased or expropriated by the federal district commission. Furthermore, some owners should be prevented from raising the value of their properties.

Nowhere in Canada, I believe, is there a riding where you will find more expropriation than in mine—for purposes of national defence, public works, the Department of Transport, and the federal district commission, whose representatives are most likeable. It is precisely because they are so likeable that all has gone well, and I hope it will continue that way.

I would like to see the earliest possible development of the federal capital. Let land be purchased by expropriation or otherwise, provided these people are left free to do as they wish with their property. But we must act now.

I hope also that people living outside the green belt will be able to obtain loans from the Central Mortgage and Housing Corporation.

(Text):

Perhaps if I speak in English I might be better understood by the Prime Minister and other members of the house.

In connection with the green belt and also the areas outside of the green belt, I think the people of my constituency are entitled to fair play and in this connection I am quite sure that the federal district commission is doing a good job. I have no criticism to make of that body, which is non-political in character.

The commission, of course, has had to face a lot of trouble. There have been problems caused by the fact that they have had to deal with so many municipalities, city councils and also with the two provinces. These bodies, however, have represented their people and have tried to do their best for them. One cannot blame them for introducing a little politics; that is natural. If the reeve of a township or the mayor of a city is concerned, for instance, he will want to do his best to protect his people and to get for them perhaps a little better consideration than that given to others. There is no harm in that and such people cannot be blamed. In the same way we try to look after our constituents and we are not above using a little politics for their benefit.

I find, therefore, that during the relatively short time during which the commission has been in existence it has done a first class job. It has not pleased all my people—oh no, one should ask my electors about that. Some of them think they should have had twice as much as they have had, but that is natural, too, and you cannot blame them. The main point is, however, and I am sure they would agree if they were asked, that they have been well used. They were looked after in the past and I am quite sure this government will continue in the same way as the Liberal regime.

I would ask that if possible the building of the bridge between Ottawa and Hull should be expedited. I am happy to know the relocation of the railways is to take place as soon as possible and all these things are to take place, at least in part, in my riding. The land is to be bought by the federal district commission and there will be ample opportunity to use the railways and also the new Queensway. The Queensway, in particular, will be a most suitable means of crossing from one city to the other and will also be a very pleasant road.

The next thing I would like to urge upon the Prime Minister is that as soon as he can get enough money something should be done to clean up the Ottawa river. I represent a riding on the Ottawa river and I am well informed on this subject. I have a little peanut shack on the river and I like to go there whenever I have a chance. Last year I had a bad time in this connection in view of what happened in this country in connection with the election and it was not much better this year. However, I do think it would be a good thing if something could be done quickly. This project, in addition to the construction of the bridge and the

Queensway and so on will provide work for the people who need work and I am sure all the people of Canada are in favour of these measures.

I would like to pay tribute to all the members who have sat in this house since 1945, members from Vancouver to Halifax. Regardless of political opinion, they have all been very willing to co-operate in the making of the capital of our country the most attractive capital it is possible for human beings to create. I would also like to pay the same tribute to the new members, for I am sure in this respect they are just the same as those who have preceded them. They, like their predecessors, raised no objections to the spending of money in order to beautify Ottawa. Ottawa is their own capital, just as it is the capital of every Canadian. It is reported that more than 50,000 additional tourists came to Ottawa last year and, to be materialistic for a moment, that means something for our country, that is a big thing for our country.

There is one more request I would like to make and that is with respect to the many attractive spots in my riding which might, in my opinion, be made into beautiful parks. I have in mind such places as Manotick. There are many more, but I am sure that the federal district commission will do everything in its power to develop such places.

Having had extensive dealings with the men who form this commission, I must say that I could not ask for people more devoted to their duties. They will do their best for my riding, for Quebec and for Canada, and it is not a question of having friends in the right place. They are doing what should be done and they are doing the most necessary things first, without being bothered by us. If there is a change to be made or something to be done, I am sure, as pointed out by my friend the hon. member for Carleton, that no question of politics will be involved. We Liberals chose the chairman of the federal district commission. He was not a Liberal but he was a fine man, possessed of great ability. If a man was chosen to be chairman of the commission and if, twenty years ago, he was a Liberal, he could still be a good man for the job, and he would do just the same as he would were he of any other political opinion. This is because we in the Liberal party make no distinction and as we all know the present chairman, who is not a Liberal, is a great man and a very able man.

I do not think I have any more to say at this time except to reiterate that I hope everything that can be done will be done as soon as possible and that if the Prime Minister finds that he needs more money I am sure if he comes to the house he will find he will receive our support. I will support him for the good of the capital, for the sake of the future and for the benefit of the people of this country.

Mr. Richard (Ottawa East): Mr. Chairman, I wish to add a few words to what has been said by previous speakers. I wish also to congratulate the Prime Minister for bringing this resolution before the house. I believe it has been brought forward as soon as possible following the findings of the committee in 1956 and the introduction of the bill in 1957. I hasten to say, too, that it is gratifying to observe the general agreement that obtains in this house on the subject matter of this resolution. To those who think it was always thus I only want to say it is especially gratifying at this time because it was not always this easy to discuss a proposal involving the expenditure of such large amounts of money for the development of a national capital in the way we are now.

I as a citizen of Ottawa believe I echo the feeling of every hon. member of this house when I say that Ottawa is a beautiful city, a wonderful capital. The citizens of Ottawa have as much interest in making Ottawa a beautiful city as other citizens have in their respective communities. The citizens of Ottawa have done their best and have done their share at all times in making the city an efficient community with all the adjuncts of an advanced city with services on a par with those in other communities in this country.

I say this because it is easy for any of us to find fault with any community. I do not believe Ottawa has been lax in its development. I believe it has been as progressive as has any other community in Canada. Although contributions have been made by the Ottawa improvement commission and the federal district commission let us remember that the citizens of Ottawa through paying their taxes have contributed a great deal to the development and beautification of this city through projects that are not projects that would be encountered by cities that were not capital cities.

We have much to be thankful for. There has been splendid co-operation between the federal district commission, the city and the provinces. For example, in my own riding we have Sussex drive which is well known to the Prime Minister, the bridges over the Rideau leading to the falls and the new city hall. The cost of these improvements was contributed to by the federal government but we are also indebted to the citizens of Ottawa for their contribution. The people of Ottawa are grateful for the improvements that are being made. They want a beautiful

capital and have always been prepared to make their contribution through the payment of taxes and in other ways.

I could enumerate the projects mentioned by my good friends the hon. members for Carleton, Ottawa West and Hull but I shall desist. However, I wish to urge on the Prime Minister consideration of the bridge about which we both spoke in the last election campaign on opposite sides of the river. I know he is sincere about it and appreciates the necessity for it but I honestly believe the only solution is for the government of Canada to make up its mind to build the bridge on its own as quickly as possible and consider it a national capital bridge. The federal government contributed much to the Chaudiere bridge, and built the Champlain bridge and I believe the time is very distant when we could expect contributions from others toward the construction of a bridge across the Ottawa river.

I am endeavouring to conclude my remarks before six o'clock so I shall not deal in detail with some of the proposals before us but I urge upon the government consideration of the removal of the railway tracks at Sussex street and the speedy erection of suitable government buildings on that beautiful site. I believe the Prime Minister appreciates as much as I do the beautiful locations that are available along Sussex drive for the construction of public buildings. There is not a better site in Ottawa. I personally hoped that the policy of a previous minister of the former government would have been carried out and a museum and building to house offices of the Department of External Affairs constructed on Sussex drive to follow the general pattern of develoment in that area. However, whatever may be located there I hope the Prime Minister will exert his influence to see that the area is properly developed. This is one of the finest locations in the district and was neglected until the time of the inception of the federal district commission which body took it upon itself to acquire the necessary property along the Ottawa river to make sites available for construction of buildings for the government of Canada.

The bill foreshadowed by this resolution will, I hope, provide the federal government with an agency which will have greater powers than the federal district commission. We have been asking for a revision of the Federal District Commission Act for a long time and this revision came about as a result of the report of the joint committee. We asked for a permanent chairman. We are satisfied with the present chairman and staff but I believe the staff has been insufficient just as the financial assistance given in the past has been insufficient to enable the commission to carry out the projects recommended by the committee.

I shall say no more because my time has nearly expired and I merely close by expressing my warm support of this resolution.

Mr. Diefenbaker: Mr. Chairman, I wish to suggest to the hon. member for Ottawa West that the questions he raised could be answered immediately after the bill is presented. I know that when it is presented he will find the answers to many of his questions. I wish also to express appreciation to all hon. members who have participated in this debate. May I say their contributions have been helpful and their suggestions will receive the most serious consideration. I believe the contributions that have been made by hon. members today have been in keeping with the responsibilities of parliament to assure that the capital city of Canada shall be a reflection of the greatness of our country and I thank hon. members in all quarters of the house.

Mr. McIlraith: Mr. Chairman, I asked the Prime Minister some questions that are proper questions at the committee stage of the resolution because they concern finances but would be out of order at the committee stage of the bill. I would hope that when we come to that stage he would be willing to answer them then.

Mr. Diefenbaker: I have no objection.

Resolution reported and concurred in.

Mr. Diefenbaker thereupon moved for leave to introduce Bill No. C-48, respecting the development and improvement of the national capital region.

Motion agreed to and bill read the first time.

LAKEHEAD HARBOUR COMMISSIONERS

ESTABLISHMENT OF CORPORATION FOR MANAGEMENT AND DEVELOPMENT OF HARBOUR

Hon. George H. Hees (Minister of Transport) moved that the house go into committee to consider Bill No. C-26, to incorporate the lakehead harbour commissioners.

Motion agreed to and the house went into committee, Mr. Rea in the chair.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

The Deputy Chairman: The house in committee on Bill No. C-26, to incorporate the lakehead harbour commissioners.

Clauses 1 to 25, inclusive, agreed to.

On the title.

Mr. Fisher: Mr. Chairman, I think the speed with which you moved through these clauses is a credit to the chairman of the committee on railways, canals and telegraph lines, and I just want to speak both for myself and the hon. member for Fort William, who unfortunately cannot be here, and express again our approval of the bill and to compliment the minister on working on it. All I can say to him now is that we shall take the pressure off him and begin to press the Minister of Public Works for the great manifestations which are going to come from this bill in the form of a lakehead terminal and warehouse set up.

Title agreed to.

Bill reported, read the third time and passed.

LAKE OF THE WOODS CONTROL BOARD

AMENDMENT ALTERING CONSTITUTION OF MEMBERSHIP—CONCURRENCE IN SENATE AMENDMENT

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources) moved the second reading of and concurrence in an amendment made by the Senate to Bill No. C-25, to amend the Lake of the Woods Control Board Act, 1921.

Mr. Pickersgill: Will the minister tell us what the amendment is all about?

Mr. Hamilton (Qu'Appelle): Mr. Speaker, the other place feels that their phrasing is better, and I agree.

Motion agreed to, amendment read the second time and concurred in.

INDIAN ACT

AMENDMENT RESPECTING NAMES ON INDIAN REGISTER

Hon. George H. Hees (for the Minister of Citizenship and Immigration) moved the second reading of Bill C-24, to amend the Indian Act.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, this bill is in precisely the same form as the bill which was passed by both houses of parliament at the last session and which failed to become law only because the Prime Minister (Mr. Diefenbaker) was in a hurry to dissolve parliament and did not arrange for royal assent beforehand. I see no useful purpose to be served by repeating the debate that took place on January 30, last, and which will be found in *Hansard* of that day.

Motion agreed to, bill read the second time, considered in committee, reported, read the third and passed.

PENITENTIARY ACT

AMENDMENT RESPECTING RETIRING AGE OF SENIOR OFFICERS

Hon. George H. Hees (for the Minister of Justice) moved the second reading of Bill C-21, to amend the Penitentiary Act.

Mr. Gabriel Roberge (Megantic): Mr. Speaker, this bill is designed to conform with the Public Service Superannuation Act. If I am correct, this act provides that any civil servant who contributes to the pension fund—

The Acting Speaker (Mr. Rea): I am not too sure that the hon. member for Megantic has the right bill. This is a bill to amend the Penitentiary Act.

Mr. Pickersgill: I am sure the hon. member is talking about the right bill. His remarks are completely in order.

Mr. Roberge: Yes, Mr. Speaker, if you read the explanatory note of this bill we will see that the purpose of the bill is to remove subsection 2 from the statute and by doing so the tenure of office of the commissioner and of the deputy commissioner can be extended if at any time this is considered to be advisable. Provision for retirement age and for extension may be made by regulation under the Public Service Superannuation Act.

I see that under section 12 of that act, which is chapter 50 of the Revised Statutes of Canada, a contributor to the fund has to be removed from office at the age of 65 but that the chief of the department, in this instance the Minister of Justice (Mr. Fulton) as far as the commissioner is concerned, or the commissioner as far as the deputy commissioners are concerned, can take action to extend the tenure of office beyond 65 years one year at a time for a period not exceeding five years.

I am sure that we on this side of the house have no doubt as to the integrity and capacity of the gentlemen who now occupy these posts but perhaps the Minister of Justice would like to tell us their age and why he wishes to continue them in office. From the bill itself we cannot see why this is being done. We might suppose that it has something to do with item 17 on the order paper. It may be that the gentlemen who now occupy the posts of commissioner and deputy commissioners will be appointed to the parole board to be created by that

legislation which we will consider later. I think this house wants to know why this legislation is before the house.

Under the Interpretation Act, which is also referred to in the explanatory note, all civil servants are appointed during tenure of office or during bon plaisir. We would like to know from the minister exactly what is behind the bill.

Mr. Pickersgill: If the minister speaks now he closes the debate.

Mr. Deschatelets: Would the minister tell us if this bill is part of the recommendations of the Fauteux report and to what extent?

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, the bill itself is not part of the recommendations of the Fauteux report but I can explain to hon. members who have asked about the reason for the bill that, as they will appreciate, the Fauteux committee in its recommendations put forward a number of suggestions of far-reaching import which will take considerable time to work out. The commissioner of penitentiaries now holding that office is an experienced, skilful and able penitentiaries officer and we are anxious to retain his services so that when the very important discussions with the provinces take place which are to start after September 16, his advice may be available and, more importantly, so that when any program which will result from these discussions and from the agreements that may be arrived at is being implemented—which will take a number of years—we may have available the services of the present commissioner of penitentiaries. If we do not make this amendment so that he may continue to hold that office after the age of 65 we will lose his services in just over a year's time. That is the reason why we are asking that the clause requiring his retirement at 65 be deleted, in order that we may retain his services for whatever period may be desirable after he reaches his sixty-fifth birthday.

Motion agreed to, bill read the second time, considered in committee, reported, read the third time and passed.

CRIMINAL CODE

AMENDMENTS ADAPTING SUMMARY CONVICTION APPEALS TO SASKATCHEWAN SYSTEM

Hon. E. D. Fulton (Minister of Justice) moved the second reading of Bill No. S-9, to amend the Criminal Code.

Mr. Pickersgill: Would the minister say a word?

Mr. Fulton: Mr. Speaker, the purpose of this bill is to make an amendment to the Criminal Code which has been requested by the province of Saskatchewan. That province, in the session of the legislature held earlier this year, amended their act to change the constitution of their district court. They had previously, as I recall it, 21 judicial districts of the district court of Saskatchewan and by legislation introduced this year they changed that system and provided that there should be one district court for the whole of Saskatchewan to which the various judges of the district courts will have to be appointed subsequently.

Since under the Criminal Code the relevant provision which we are amending here is framed by reference to the present constitution of the district courts of Saskatchewan, it is necessary for us now to amend the Criminal Code to bring it into conformity with the revised district court system in that province. That is the purpose of the bill.

Mr. Pickersgill: As I understand the minister's explanation, it is purely to bring one statute into conformity with another.

Mr. Fulton: That is correct, yes, and in line with the request of the province.

Motion agreed to, bill read the second time, considered in committee, reported, read the third time and passed.

NATIONAL PAROLE BOARD

REPEAL OF TICKET OF LEAVE ACT, ESTABLISHMENT OF BOARD, ETC.

Hon. E. D. Fulton (Minister of Justice) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to establish a board to be known as the national parole board; to provide for the remuneration and expenses of the members of the board; for the appointment of the officers, clerks and employees necessary for the proper conduct of the business of the board; to provide generally for the administration of the act; and further for the repeal of the Ticket of Leave Act.

Motion agreed to and the house went into committee, Mr. Rea in the chair.

Mr. Pickersgill: Is the minister going to say something?

Mr. Fulton: The purpose of this resolution, Mr. Chairman, is to ask authority of the house to bring in a bill to set up a national parole board. This is perhaps the most important recommendation of the Fauteux committee. Indeed, the purpose of the constitution of that committee was to study the administration of the remission system in the Department of Justice. It was from that study that there grew the larger study which the Fauteux committee undertook and which resulted in its report, with the very far-reaching series of recommendations that they made.

As will be appreciated, one of the provisions of the bill to be introduced if the resolution carries is to amend the Ticket of Leave Act, and, in effect, to substitute a new parole system administered by a national parole board for the present system under the Ticket of Leave Act administered by the remission service of the Department of Justice which reports to the Solicitor General. The present Ticket of Leave Act authorizes the governor general, on the advice of the appropriate minister of the crown who is now the Solicitor General, to grant to an inmate of a penitentiary, jail or other public or reformatory prison a licence to be at large in Canada during such portion of his term of imprisonment and upon such conditions as may be fixed. This statute is the authority under which the parole system of Canada is presently administered by the remission service.

As hon. members will recall, in 1953 the then minister of justice appointed a committee under the chairmanship of Mr. Justice Gerald Fauteux, to make the inquiry which I have outlined. The purpose of the bill is to implement this particular recommendation of the Fauteux committee, that is the recommendation having to do with the parole system.

I should perhaps, in view of the interest that has been aroused in the matter, say a word or two about the system of parole itself. Parole is a well recognized procedure which is designed to be a logical step in the reformation and rehabilitation of a person who has been convicted of an offence and, as a result, is undergoing imprisonment. It is a procedure whereby an inmate of an institution may be released before the expiration of his sentence, so that he may serve the balance of his sentence at large in society. While serving the balance of his sentence at large he is under appropriate social restraints which are designed to ensure, so far as possible, that he will live a law-abiding life in society. Parole is, therefore, a transitional step between close confinement in an institution and absolute freedom in society. The sanction that is imposed for failure to live up to the conditions that govern the release is the return of the inmate to the institution.

I am sure, Mr. Chairman, that at this stage, as I read the temper of the house, the opinion of the house and of the country at large, it is not necessary for me to enter into a detailed statement or defence of the grounds for a parole system. I referred at some length to this matter on my estimates less than a week ago, at which time I referred in general terms to our tentative program for the reformation and modernization of the penitentiary system, and expressed it as a fundamental goal of that program to ensure the return to society of persons who have undergone prison sentences, as useful and fruitful members of society, in the shortest possible time that can be done consonant with the obligation on the government and those who administer the prison system to protect society from any potential or possible recurrence of crime on the part of those who have undergone prison terms.

The parole system which is contemplated under the bill to be based on this resolution, is an integral part of that approach to the problem. As I have said, the present national parole system in Canada is carried on by the remission service of the Department of Justice under the Ticket of Leave Act. This act was passed by parliament in 1899 and it has not been amended in any substantial way since that time. Of this act the Fauteux committee said the following:

> That this legislation was never designed to meet the complex problems of modern corrections, is quite apparent from the difficulties that are encountered in its administration under present-day conditions. We are astonished that such satisfactory results have been obtained in recent years by the service under this antiquated legislation, and much credit must be given to those who are charged with the administration of it.

I should like to echo those words of the Fauteux committee, both with respect to the personnel of the remission service of the department and with respect to the present minister, the Solicitor General, who is in charge of that administration. I know that that same feeling has been shared by former administrations with respect to the work done by the remission service in the department.

It might be useful for me to outline briefly the way in which the present Ticket of Leave Act operates, and to make a short comparison with the system which will be brought into effect by the bill. The governor general, acting on the advice of the appropriate minister of the crown, now the Solicitor General, may grant to any person under sentence of imprisonment in a penal institution for an offence against the criminal law of Canada a licence to be at large in Canada during such portion of his term of imprisonment and upon such conditions as may be indicated in the licence. Under subsection (2) of section 3 of the act, that is the Ticket of Leave Act, the licence may from time to time be revoked or altered. The sentence of imprisonment is deemed to continue in operation even though the licensee is at large; that is to say, the licensee serves the balance of his term of imprisonment by satisfying the conditions of the licence. The licence may contain any conditions that the governor general,

on the advice of the appropriate minister, sees fit to apply to the licensee.

If the licensee is convicted of any indictable offence, the licence is forthwith forfeited by operation of law and the licensee must return to the institution to serve the balance of his sentence that remained unexpired when the licence was granted. If the licensee is convicted of a summary conviction offence or in any way fails to abide by the conditions under which the licence was issued, it may be revoked by the governor general, again on the advice of the appropriate minister, and thereupon by virtue of subsection (3) of section 8 of the act the licensee is to be returned to the institution to serve the balance of the term that remained unexpired when the licence was granted.

The licensee is required to notify the local police authorities of his place of residence and of any intention he may have of changing his place of residence. Male licence holders are required to report to the police authorities once each month. Female licensees are not required to report. A licensee is required to carry his licence with him and to produce it when required to do so by a judicial officer or a peace officer. Any peace officer is entitled to arrest, without a warrant, any licensee whom he reasonably suspects of having committed any offence or who, it appears, is getting his livelihood by dishonest means.

The Fauteux committee suggested a number of fundamental principles that should be kept in mind in determining what method of parole administration would be best for Canada. The committee said that the system should take into account, among other things, the large size of Canada, in a geographical sense, and its relatively small size, in terms of population. The committee said that the system should also take into account the division of legislative power between one federal and ten provincial governments.

With these matters in mind, the committee suggested that Canada's parole system should be developed in accordance with the following principles:

(a) it should provide for continued uniformity of parole administration, but at the same time avoid undue rigidity of practice and procedure;

(b) it should take into account local conditions which may vary in different parts of the country;

(c) it should be designed to assist in the development, as far as possible, of probation services, specialized penal institutions and after-care agencies;

(d) it should, as far as possible, be a simple but efficient system; and

(e) it should be built up from the present system during an appropriate transitional period and not instituted by any sudden, wholesale abandonment of the present system.

[Mr. Fulton.]

The Fauteux report continued:

We are firmly of the opinion that the parole authority for Canada should be a quasi judicial body rather than as is presently the case, a minister of the crown acting in an exclusively administrative capacity. The parole authority, we believe, should not be one that is liable to be subjected to the external and internal pressures which are, inevitably, brought to bear on ministers of the crown. We have no reason to believe that such pressures exert any influence in connection with the granting of tickets of leave at the present time. However, we do believe that it is in the best interests of Canada that the parole authority should, at all times, be in a position to say that its judgments can only be based on the merits of the particular case and that it is not open, in any way, to influence by extraneous considerations.

The bill to which this resolution relates is designed to give effect to the principle to which I have just referred.

(Translation):

Mr. Roberge: Mr. Chairman, I sincerely regret that the hon. member for Hochelaga (Mr. Eudes) who was to express the views of the official opposition on this proposed resolution, is ill at this time. I feel sure that the Minister of Justice (Mr. Fulton), will join me in extending to the hon. member our best wishes for a prompt recovery.

The Minister of Justice referred to the Ticket of Leave Act. I think I should remind the house that this act was incorporated into our statutes in 1899, under Sir Wilfrid Laurier.

(Text):

In 1938 the Right Hon. Mackenzie King appointed the Archambault commission and this matter was also taken into consideration by the committee presided over by Mr. Justice Fauteux. At this time I want to say that we on this side of the house are in agreement generally with the principles of the resolution to institute a national parole board and also to provide for the framework of that new act which will be passed by this house, I suppose.

I want to commend Mr. Justice Fauteux who was chairman of that committee and also those able men who worked with him for a number of years and who brought down the report we now know as the Fauteux report from which the Minister of Justice quoted during the few minutes that we have listened to him. In general, implementing the recommendations of the Fauteux report will certainly be an improvement in the parole system or in the way to give leave from penitentiaries. I know that the minister advised the house the other day that there will be a conference of the attorneys general of the provinces during September or October. I hope that all these gentlemen will be able

to arrive at some understanding in order to improve the parole system in our country and therefore in all the provinces.

(Translation):

Mr. Roberge: Mr. Chairman, I started my remarks in French and I intended to continue them in French but, because of the difficulties we have had with the loudspeaker system, I switched to English without really noticing it. Perhaps this is a novel method of simultaneous translation.

Mr. Chairman, all hon. members will agree, I am sure, that civil servants now working in the remission service under the Solicitor General (Mr. Balcer) are making commendable efforts, that they willingly assume their responsibilities and that they do a fine job of it.

(Text):

Mr. Deschatelets: I understand five commissioners will be appointed on a full time basis. I should like to know whether a French-speaking commissioner will be appointed according to this resolution.

Mr. Winch: Mr. Chairman, at present all I want to comment on are matters affecting the resolution stage itself. We in this group most heartily commend the Minister of Justice for the introduction of this resolution which is the forerunner of a bill for the establishment of a national parole board. With all of the changes that have taken place in penology over the years it seems rather strange that we should on a federal basis hope to administer an act which fundamentally has not been changed for, I believe, in the neighbourhood of 60 years.

We in this group were very appreciative of the action of the previous government in establishing a commission to make a thorough study of the entire question of parole. We feel they did an excellent job and brought in a good report. We are very happy this evening to find the implementation of the first move being brought about as part of the recommendations of the Fauteux commitee. A great deal, of course, could be said on this resolution stage, but it is the decision of this group that at the present time it is not appropriate to go into the entire field relating to this question. We feel that the efficiency of parliament would be better served by waiting until we actually have the bill before us, complete with all its principles, its implications and its sections.

All I am now doing, therefore, on behalf of our group is to commend the government for bringing in a resolution leading up to the establishment of a national parole board and at the second reading, after we have had a chance to study the bill and to see exactly what the government has in mind, we will make our comments.

Mr. Fulton: I appreciate very much indeed the attitude of the committee towards this resolution, which I think illustrates the striking degree of unanimity in principle on the general approach to this problem. There may be details with respect to administration and so on about which we will differ, but I do think it is quite an interesting illustration of the extent to which there is in this house and in Canada generally agreement that our system does require overhaul in this respect.

I join with those who have spoken in expressing appreciation of and tribute to those of my predecessors who have made the Fauteux report possible, and to the committee itself which had made possible the resolution now before us.

The hon. member for Maisonneuve-Rosemont asked a specific question with respect to the number of the members of the board and as to whether there would be appointed a French-speaking member. I can assure him that it is our intention to appoint to this board the best possible representatives who can be found, bearing in mind their interests, experience and skills in this particular field. In appointing these members of the board, due regard will be had for the racial and geographical composition of Canada.

Resolution reported and concurred in.

Mr. Fulton thereupon moved for leave to introduce Bill No. C-49, to provide for the conditional liberation of persons undergoing sentences of imprisonment.

Motion agreed to and bill read the first time.

EMERGENCY GOLD MINING ASSISTANCE ACT

AMENDMENTS TO EXTEND APPLICATION AND INCREASE AMOUNT

Hon. Paul Comtois (Minister of Mines and Technical Surveys) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Emergency Gold Mining Assistance Act to extend its application to the years 1959 and 1960 and to provide for a twenty-five per cent increase in the amount of assistance for the years 1958, 1959 and 1960.

Motion agreed to and the house went into committee, Mr. Rea in the chair.

(Translation):

Mr. Dumas: I wonder if the minister could make a statement on this resolution?

(Text):

Mr. Comtois: Mr. Chairman, this resolution proposes to extend the Emergency Gold

Mining Assistance Act to the years 1959 and 1960 and to provide for a 25 per cent increase in the amount of assistance for the years 1958, 1959 and 1960.

In presenting the Canadian budget for 1958 on June 17 last, my colleague, the Minister of Finance, outlined the government's program of assistance to the gold mining industry. He referred to the serious problems of adjustment confronting this industry since the war, which problems had adversely affected those northern communities which are dependent upon the gold mining industry for their survival.

I would like to supplement the remarks made by the Minister of Finance by briefly reviewing the history and the operations of the Emergency Gold Mining Assistance Act and by making a few comments on our gold mining industry and its problems.

At the beginning of the war, the industry was making notable headway and this was continued through 1941 when Canada's gold output reached an all-time record of 5.4 million ounces. By this time, however, the urgency of the war effort was making it increasingly necessary to divert all available labour and supplies to the production of munitions and related activities and, as a consequence, gold mining production declined steadily to a low of 2.7 million ounces in 1945. Although our gold mining production reversed this trend and steadily increased from 1946 through 1950, it has never reached the peak output of 1941 and was still considerably short of that peak in 1957.

The drop in the price of gold in terms of Canadian dollars from $38.50 an ounce in 1940 to $35 in 1946, the difficulties of rebuilding the depleted labour ranks and the rapid rise in the costs for labour and supplies caused some mines to close down and a number of others to operate at a loss. This brought hardships to many northern communities and our development of the northland was materially slowed down. This was a very disturbing situation which led to the introduction of the Emergency Gold Mining Assistance Act in 1948.

Over the years the gold mines have made very commendable and successful efforts to decrease their operating costs by making use of every improvement in mining and milling methods and techniques. In recent years these improvements had reached the point where very little more could be done while costs, on the other hand, have continued to mount. This severe situation has been further complicated by the adverse exchange rate when applied to the sale of gold at the Canadian equivalent of the fixed United States price of $35 an ounce.

It is proposed, therefore, not only to extend the period of application of the act to the calendar years 1959 and 1960, but to increase the amount of assistance payable under the present formula by 25 per cent. The increased assistance would apply from January 1, 1958 to the end of 1960.

In this connection I should explain that the payments which the gold mines receive under the act are based on a formula which has been changed on occasion in order to meet new conditions which arise. The essential features of the formula are the rate of assistance and the number of assistance ounces. The assistance to any one gold mine applies to two-thirds of the number of ounces it produces in the year concerned and no assistance is given unless the average cost of producing an ounce of gold exceeds $26.50. The assistance payment is determined by multiplying the number of ounces eligible for assistance by two-thirds of the amount by which the average cost of producing an ounce exceeds $26.50.

Only those mines whose output of gold is 70 per cent or more of their total output are eligible for assistance payments. Also, a mine must produce more than 50 ounces of gold in the year concerned.

A mine may request assistance on a quarterly, half yearly or yearly basis. Applications are given an initial check and the advance payments, amounting to 80 per cent of the approved assistance payable, are made. The 20 per cent holdback is paid after the final audit of the company's books by the office of the comptroller of the treasury.

A company may submit an application for cost aid up to six months after the end of the year. Consequently, final figures for payments made in respect of the year 1957 are not yet available. However, it is anticipated that they will amount to $9.4 million. Total payments for the years 1955 and 1956 amounted respectively to $8.9 and $8.7 million. It is anticipated that the amount of assistance payable for the year 1958, including the proposed increase, will be approximately $12 million.

The cost aid under the act applies to placer as well as to lode gold operations, lode gold mines being those in which the gold occurs in veins. Forty-three of the 52 lode gold mines in production in 1957 were eligible for cost aid. The output from these mines, plus the 69,000 ounces derived from placer operations, amounted to 2.5 million ounces. These 2.5 million ounces on which assistance payments were made, represent 57 per cent of all the gold produced in Canada in 1957.

By the end of March 1958 payments under the act had reached a grand total of $108.8 million, this being for a total period of ten-years. Canada's production of gold from all

sources during that period was 42.8 million ounces and cost-aid payments were made on 31 million ounces, or about 73 per cent of the total.

The $108.8 million paid out since the act came into force does not appear at all excessive when it is realized that in 1956 alone the gold mining industry paid out a total of $117 million in salaries and wages, fuel, electric power, and supplies and equipment. It provides direct employment for 17,000 and it is the main support for 80,000 people who reside in the gold mining communities.

I stated earlier that the gold mines have made every effort to decrease their operating costs. In this respect they have done well. The average ounces of gold produced per year per employee was 53 per cent higher for 1956 than in 1948. Also, the average number of tons of ore hoisted per underground worker was 35 per cent higher in 1956 than in 1948. However, despite the improved efficiency, the cost of production per ounce of gold has continued to rise.

A continuation of the cost aid beyond 1958 and the proposed 25 per cent increase are needed to prevent irreparable damage to a large segment of the gold mining industry. Actually, from a survey of the situation by officials of my department it seems likely that 20 gold mines would have to close down after a two or three year cleaning-up period should assistance payments be discontinued at the end of 1958. These mines would very likely remain closed permanently and numerous other gold mines would be adversely affected to a varying degree.

The effect this would have on the dependent communities need not be stressed, for it can be readily visualized. It is hoped, therefore, that the proposed extension of the act and the additional assistance will serve to extend the life of our northern communities, to provide assurance of good conservation measures in our gold mining operations, and to maintain the level of our gold production, an all-important sector of Canada's mineral industry.

Mr. Dumas: Mr. Chairman, it is not my intention to take very much of the time of the committee at this stage of the proceedings. However, I wish to express the hope that the resolution just introduced by the Minister of Mines and Technical Surveys will be supported by all hon. members of the house. Speaking on behalf of this party I may say that we will wholeheartedly support the resolution which is in these words:

That it is expedient to introduce a measure to amend the Emergency Gold Mining Assistance Act to extend its application to the years 1959 and 1960 and to provide for a twenty-five per cent increase in the amount of assistance for the years 1958, 1959 and 1960.

This is a very simple amendment. The formula which has been applied for approximately the last four years will remain the same and in calculating the assistance the Department of Mines and Technical Surveys will simply add 25 per cent to the assistance paid. This is a substantial increase and I am happy to congratulate the minister and the government for having decided to amend the act in this way.

As was stated by the minister in his introductory remarks, the Emergency Gold Mining Assistance Act first came into force on June 15, 1948, and was applicable to the full year 1948. Since the inception of the act it has been amended and extended and, as was mentioned by the minister, the total amount paid under the act since 1948 is $108.8 million. It is interesting to see how much the government paid for all the gold it bought from 1948 to 1957 and how much the government paid for gold it bought between 1938 and 1947. Between 1948 and 1957 the gold mines in Canada produced 42,722,000 ounces of gold. I presume that the bulk of this gold was bought by the government. If we take the average price for the years 1948 to 1957 we arrive at a total amount of $1,500,320,000. If we add to that the cost to the government for assistance under the Emergency Gold Mining Assistance Act we arrive at a total amount of $1,610,466,000 or an average price per ounce of $37.70.

And again, if we take the average price for 1937-48, we come to a total amount paid by the government, assuming the government bought all the gold, of $1,515,466,000, or an average price of $37.43 an ounce. Therefore, between 1937 and 1948, when there was no assistance paid to the gold mines, the government paid an average price of $37.43, and during the period between 1948 and 1957, when the government paid a total amount of roughly $110 million in assistance to the gold mines, the cost per ounce to the government was $37.70, a difference of only 27 cents per ounce to the government. Therefore, by studying these figures, we realize that after all the cost to the government in keeping the gold mines in operation during that period of 10 years between 1948 and 1957 amounted really to only about $12 million. I think it was a wise move that the government made and I think it is a wise move which is being made now by the present government in amending the act to extend the act not only for two years but to increase the assistance by 25 per cent.

I myself firmly believe—and I am not the only one—that eventually the price of gold will be increased. If the price of gold were to be increased, let us say, in a month or two months, in a year or two years, it does not matter, the government would be in this position. It has over $1,200 million worth of gold in the vaults of the Bank of Canada and if the price of gold were to be increased by 50 per cent hon. members can appreciate the enormous profit that would be made by the Canadian government as compared with the very little assistance given to the gold mines in the past. I understand the situation. I know that if the government were to keep on paying subsidies to industries sometimes it would not be a good situation. Let me tell hon. members that the industry itself does not like to receive this assistance. It takes the assistance because it needs it.

I would like one hon. member to tell me of one commodity, the price of which has not increased or did not increase during the last 10 or 15 years. Gold is the only commodity, the price of which did not increase. Not only did it not increase but it went down between 1948 and 1957. In 1948 the price of gold was around $38 an ounce. Today the price of gold is below $34 an ounce. In fact, I hold in my hand a list showing the average price of gold between 1938 and 1947. This is the mint price. The average price was $37.43. The average price of gold between 1948 and 1957 was $35.12, a decrease of $2.31. The average price during 1955 was $34.52. In 1956 it was down to $34.55 and in 1957 it was down to $33.45 an ounce. For the first six months of 1958, the average price of gold per ounce was $34.08. The average price during the month of June, 1958, was $33.67, and that price did not vary very much during the month of July. Therefore, this is one commodity the price of which not only did not go up but went down. Therefore, I say between 1948 and today the Liberal government were justified in paying that assistance to the gold mines.

Sometimes we hear some, I will not say irresponsible persons but persons who do not stop to think of the great difficulties experienced by the gold mines say, for instance, that the gold mines are not paying the same wages as the base metal mines. Let me tell hon. members that the gold mining industry did not do too badly even during those depressed years for the industry. In 1948, the average weekly wages for gold miners was $49.64; the average for 1957 was $73.30. Of course, we admit that those weekly wages are below the weekly wages paid by the base metal mines; but we must realize that the industry is facing a great deal of trouble. The industry is competing with the base metal mines not only for ordinary miners but for engineers, technicians, managers and accountants, and hon. members know how difficult it is today to hire highly qualified engineers, geologists and experts to work in the mines.

In this country the production of base metal mines and other mines has increased tremendously. The total value of production in 1957 was more than $2 billion. There was a large increase in the activities of the uranium mines. Therefore, the gold mines have to compete with those base metal mines which were hiring men at higher wages. However, the fact remains that since 1948 more than 50 per cent of the assistance paid by the government to gold mines went for increase in salaries and wages. Even if the gold mines are experiencing some trouble today, they are paying heavy federal taxes, provincial taxes and municipal taxes. I am told that taxes paid in some of the gold mining camps exceeds 40 per cent of the assistance which those mines are receiving from the federal government.

Last year when the Canadian metal mining association came to Ottawa to present the problems of the gold mines they outlined the principal factors which had contributed to the marked deterioration in the past year and which have caused the current critical conditions in the gold mining industry. They are as follows:

1. The sharp and steady decline in the mint price of gold. I have mentioned that over the last two years the average price per ounce for gold was below $34.

2. The increase in costs of operation incurred through increases in basic wage rates combined with a shorter working week. This has been another burden which has had to be absorbed by the gold mining industry.

3. The loss and scarcity of manpower, especially trained miners as well as technical and professional personnel. I mentioned a few minutes ago that the base metal mines were getting the cream of the technicians because they were paying high wages. They were short of technicians and miners and they were coming to my own constituency to hire miners who wanted to move from a gold mining camp to a uranium mining camp such as Blind River.

4. The Canadian metal mining association mentioned the increased cost of certain items of supplies and equipment and some services. We know that the price of materials has been increasing all the time. The price of supplies to the mines has been increasing for the last ten or twelve years and in some cases provincial taxes have also been increased. In the province of Ontario the tax on the mines

has been increased, and I do not have to mention again that so far as the price of the commodity is concerned the mines have to take the price quoted each week by the Department of Finance. We know very well that due to the fact that the Canadian dollar is at a premium and with the price of gold being based on 35 United States dollars per ounce the price has always been below par during the last three or four years.

As I said, Mr. Chairman, I do not wish to extend the debate at this stage of the procedure. However, there is one thing I should like to mention. I was very surprised the other day when I read in *Hansard* that the Minister of Finance—I was not in the house when he said it—had said, as found at page 1849 of *Hansard* of July 2, when replying to different members who had spoken in the budget debate:

> I have one final comment of this preliminary nature. It is with regard to gold. No hon. member of this house has yet said a word expressive of even the slightest measure of disapproval of what we have proposed by way of an increase in assistance under the Emergency Gold Mining Assistance Act. But among those who have importuned the Minister of Finance—

Note this, "importuned the Minister of Finance."

> —in the last year on this subject have been the hon. member for Villeneuve and the hon. member for Timmins. Did they express joy that the government had moved to increase assistance by 25 per cent?

The minister continued:

> No, they were withholding their comment. They were not going to be heard as expressing approbation. All I have to say on this subject is that I hope their constituents will take note that this increase in the assistance under this act apparently kindled no enthusiasm or appreciation in the minds or the bosoms of their respective members.

I did not hear the minister say that but I read it in *Hansard* the following day. This was on July 2 and on June 25, as found at page 1617 of *Hansard*, I had this to say with respect to the proposed amendment of the Emergency Gold Mining Assistance Act:

> I was very happy to hear the Minister of Finance's statement with regard to the Emergency Gold Mining Assistance Act. This 25 per cent increase is certainly welcome, and the retroactive effect which the government intends giving to that legislation will compensate, to a certain extent, the considerable losses which the industry has suffered because of the premium on the Canadian dollar.

I was not blaming the government for the premium on the Canadian dollar. Then I said:

> This government program, involving the amendments which I have just mentioned, was welcomed by everyone in the gold mining industry, including the miners themselves, whose livelihood and that of their families is in that industry. The government is making no mistake in accepting, in part at least, the representations of the leaders of the industry itself and those of the municipalities which quite recently sent an impressive delegation to the Minister of Finance and the Minister of Mines and Technical Surveys.
>
> I do not mean to act the part of a chronic grouch—

Then I said that I thought the act could be extended for three years instead of two years. I think the minister was not fair in his remarks on July 2 when he said that we were not appreciative of what the government was doing for the gold mines. I was surprised because the Minister of Finance knows the situation of the gold mines. The Minister of Finance knows the work I have done in the house pleading the case of the gold mines. I pleaded the case of the gold mines not because I wanted to plead the case of the companies operating the mines. They certainly deserve a lot of credit. As was mentioned by the Minister of Mines and Technical Surveys, the mining companies did all they could to increase efficiency in the mines. The gold miners co-operated with the management so as to improve efficiency. Every time I pleaded the case of the gold mining industry I knew I was pleading the case of the people living in the constituency of Villeneuve. I have 10,000 miners working in the gold mines and base metal mines. About 50 per cent are working in gold mines and 50 per cent in base metal mines.

With regard to the comparability of the wages paid by the gold mines and base metal mines, let me say this, Mr. Chairman. We have seen many gold miners leave Malartic to go to Sudbury, for instance, where they could get a few cents more an hour but many times they would come back to Malartic within a few months and say, "We like to be in Malartic; even if we get a few cents an hour less the cost of living here is less". I do not mean to imply that Sudbury is not a good place to live. It is one of the nicest places in northern Ontario. It is a very important base metal mining camp and certainly one of the outstanding mining communities in northern Ontario. Nevertheless, the cost of living is higher in Sudbury than in Malartic and these miners who left Malartic for Sudbury in order to get a few cents more an hour were pleased to come back to Malartic and work in the gold mines. After all, these men are not obliged to stay in a gold mining camp. They can move to a base metal camp. It has been done in the past and they always come back. Why? Because they are happy and the differential in salary is not very large.

So, let me conclude by saying this, Mr. Chairman. We are happy that the government has seen fit to extend the act and to

make it retroactive to the 1st of January, 1958. The amount will be small. The act could have been amended, possibly, so that the increase to the gold mines would have been larger. However, we understand the situation. It is not so easy for a government, faced with a deficit during the current year, to be too generous. This is a good investment, and if the price of gold could be increased by this government I think it should be increased. However, if we were to increase the price of gold it would simply be in the form of a subsidy because the international price for this commodity is established by the United States price of $35 per ounce.

I have heard some members mention that the price of gold should be $75 an ounce. So far as I am concerned, the price of gold could be $100 an ounce, and I would be very happy. However, it is useless to talk like that, and I think it is useless to say the price of gold should be this or that because if the price of gold were to be set by the government at $75 an ounce it would simply mean a subsidy of $40 an ounce.

I see that my time has run out. I say that I am happy that these amendments have been brought forward by the government and I hope that within the next few years we will see an increase in the price of gold so that there will be no further need for this subsidy and we will see the government make a great profit on the gold reserves they have in the vaults of the Bank of Canada.

Mr. Martin (Timmins): We have heard the case for the gold mines, Mr. Chairman, presented very well by the hon. member for Villeneuve. I think in fairness to all concerned I should devote the major portion of my remarks to the case of the gold miners. I find it a bit unfortunate, in view of the spirit of good will and mutual co-operation that has abounded in this chamber today, that this particular matter had to be raised because I think we have been setting records all day long. The spirit has been very good. We have not torn each other apart today.

It so happens that I have found it very difficult to get my teeth into this gold mining assistance act. When I came down here last year as a new member I hoped to have the opportunity of dealing with this matter. I waited until the estimates came up and after much patient waiting I found when they did come up that we could not deal with the matter because it was statutory. We had the same experience when the matter came up in the committee on mines and technical surveys this year. We hit the same snag, that it was statutory and could not be debated there. Fortunately today, as a result of this amendment to the act, we have an opportunity to deal with it at some length now.

I had intended to raise the very point the hon. member for Villeneuve raised in regard to the remarks of the Minister of Finance. I think it is always necessary to protect oneself against implications, so I should like to quote from page 1626 of *Hansard* for June 25, 1958, what I said in the throne speech debate:

> I should like to take this opportunity to compliment the Minister of Finance on giving some assistance to the gold mining industry. However, before going too far in that direction I should like to have some assurance as to just what form the assistance is going to take.

I should like to say, however, in view of the remarks of the Minister of Finance, that I would welcome him if he were to visit the town of Timmins. I would welcome his appearance on television up there, and I would foot the bill if he would present his side of the case for this gold mining assistance, after which I would present the side I am going to present now. As he mentioned, we would then leave it up to the voters at the next election. I am quite willing to stand on the ground I take today in regard to this matter because I do not believe there is a riding in this great country of ours that is so completely and totally dependent on the production of gold as is the riding of Timmins. There are certainly large gold mines in other areas, but I do not think there is any area as completely dependent on this industry as the riding I have the honour to represent.

The Minister of Finance did not explain too clearly the purpose of this act in his budget address on June 17. In one place he mentioned that it was for the purpose of assisting the gold mining communities and in another place he made reference to the fact it was to maintain the present standard of production and in this manner assist the gold mining communities. I hope to point out today that that is not necessarily one and the same thing. They certainly could be related but there is no guarantee that the maintenance of the present production, by itself, is going to benefit the gold mining communities.

We had a very good example of that. I believe that negotiations between the gold mines and the miners started last September, or thereabouts, in the Timmins area, and were still continuing when this increase in assistance was announced. The negotiations followed the usual various stages, and when the announcement was made by the Minister of Finance some of the mines were at the conciliation stage. When it was announced

that the emergency gold mining assistance had been extended for another two years and in addition had been increased by 25 per cent retroactive to the first of this year a question was asked at the next conciliation meeting as to what share the miners could hope to receive of that additional 25 per cent. The answer was very brief, and very flat—nothing.

I believe that in order for hon. members to obtain a picture of the situation as it pertains to gold mines and gold miners and the community in which they live, I should go into some detail tonight. I should like to try to present to hon. members here a picture of this emergency gold mining assistance as it is seen through the eyes of the miners. In order to do that, we have to realize that the gold mine operators today are amongst the few, if not the only people in this country who still refuse to accept the fact that there should be labour unions. They recognize them in some places only up to the extent that the law compels them to do so.

The gold miners feel that they are subsidizing this industry twice. They feel that they are subsidizing it in the first place through the taxes they pay, the same as are other Canadians, and of course from these taxes comes this subsidy back to the industry. They feel that they are subsidizing it in the second place by the much lower wages in the gold mining industry than those in other industries of a similar nature. They also see that the same mines or many of them which are receiving this subsidy or assistance have built vast empires in other places through the money that they have earned in these very gold mines. I can give you no better example than the huge iron ore industry in Ungava bay which was handled mostly by the Hollinger gold mine, the biggest mine in the Timmins area. I will give you another example. I understand that McIntyre Porcupine Mines, Limited have bought out the major portion of Algoma Steel.

As I said, Mr. Chairman, I am endeavouring to bring to hon. members this picture as the miners see it. They have seen these gold mines spare no money in fighting the unions right down the line. Back in 1953 we saw a strike of about 9 of the 11 mines in the Porcupine area that went on for a period of 8 months until the men could go on no longer. It appeared that no bill of expense was too high in order to keep the unions in their place. They have seen unions in there fighting for their very life for the last ten years or more but they still have no security whatsoever. They see where gold miners—men whose occupation is possibly just as hazardous a way of making a livelihood as there is in this country—have no pension. They work a longer work week than does the rest of recognized industry across the country. Heaven knows, if there is any one industry that should have a short week, it is the mining industry where the men work thousands of feet underground. In addition to that, Mr. Chairman, they have seen so many of their fellow workers who appear to have received a rather raw deal as a result of industrial accidents. I realize that that is a matter of the provincial compensation act, but to the ordinary person in the street sometimes it is rather difficult to differentiate between provincial governments and the federal government, especially when the federal government is paying a subsidy into this industry.

If I may, Mr. Chairman, I should just like to read two short letters in order to put one particular case on the record and to illustrate this particular point. This is one particular file on one accident that a man had. I am certainly not going to read all the letters but I should like to read two pertinent letters in this regard. One is from one of the three big mines in the Porcupine area. It is headed "To Whom it May Concern". I will not use the name of the employee but will call him "Mr. X". The letter reads as follows:

> Mr. "X", an employee of this company since 1931, was injured at work on March 9th, 1954. After long treatment and hospitalization, Mr. "X" returned to work of a less arduous nature. After ten days his foot and ankle, which became more swollen each day, reached a condition which prevented Mr. "X" continuing at work.
>
> We were unable to place Mr. "X" on work suited to his lame condition and still are unable to do so.

Then here was the letter that Mr. "X" received from the compensation board:

> The board, at the present time, is considering a small award for permanent disability which will pay you a pension of $7.75 a month for life. Before making this award, we would like to point out that information on file indicates that you are in debt to the town of Timmins for relief to the amount of $185.30.
>
> No doubt you will wish to reimburse this amount out of your pension and, therefore, for this purpose we are attaching hereto an assignment form for the purpose of refunding the amount owing.
>
> Yours very truly,

I could cite many more cases like that one, although I will grant that this is the worst one I have seen. However, there are many others which are almost as bad. In the short time that I have been down here in this House of Commons I have received many similar letters. Of course, as I said before, these people do not realize that these matters are in the main more provincial

than federal by nature. To them the government is the government, regardless of whether it is Queen's park or Ottawa. But that is the reason that I do not feel that this measure, as good as it might be, would necessarily receive the reception that it should receive among the gold miners of the north. I wonder whether there is not some way in which this government may find a more equitable and better method of assisting the gold miners and the gold mining communities in which they live.

Last year, Mr. Chairman, I raised a point in this house recommending that this government set up a committee consisting of representatives from the federal government which are paying the subsidy to the industry; from the provincial government which administers the labour laws, the compensation laws and so forth under which the miners and of course the companies operate; the municipal officials which of all three government levels are the most keenly interested in this problem; representatives from management and representatives from the union. I suggested that that committee, composed of the five interested bodies, should go into all aspects, of not only the good mine but also the problems of the gold mining communities. In the years gone by I am sure this government has had many delegations from the mine operators. They present their side of the case. The unions come down and present their side of the case. The municipalities come down and present their side of the case. I think we all realize that when any delegation go on a mission to Ottawa they present as rosy a picture as they possibly can of their own particular side of the problem. I think that is only natural. Before this government can get a really true picture of the problems and of the measures we can take to solve them I think that a committee of this nature is necessary.

For example, just as a suggestion, I think that half a million dollars or possibly much less spent in building the road from Sault Ste. Marie to Timmins could possibly do far more for the municipality of Timmins than even the $5 million or $6 million or $8 million, whatever the Porcupine share of this subsidy is going to be. That is as far as the municipality itself is concerned, it could open up a tourist industry that at present and for years to come would possibly mean far more than an increase of 25 per cent in the gold subsidy. Maybe this gold subsidy is not the answer at all. Maybe there is some other solution that would be better. Maybe as a federal government we should look at the possibility of assisting with secondary industries that eventually are going to have to take over and supply these towns when the gold mines will be expended, as they will be expended some day, whether it is 25 years from now or 100 years from now. The gold mines are an expendable proposition which is not going to last forever, regardless of how much subsidy might be paid.

I am certainly going to support this measure because it is a step in the right direction—at least I hope it is—but I would feel a great deal better if I were sure that it was the best measure this government could introduce. In the circumstances which exist today I am not sure that this is so.

I remember the Minister of Labour expressing himself last fall in connection with this matter and I was very impressed with the attitude he adopted at that time. He seemed to have a firm grasp of the situation, and I hope that he will use his influence in the cabinet ranks with respect to the setting up of this committee in order to ensure a complete picture being provided to this government, upon which it might act. I would like to be assured that, whatever money this government invests in this particular industry, the miners and the communities in which they live will, above all, receive the priority which they deserve.

Mr. Peters: I would like to add a word of appreciation to those of the two other members from mining communities who have just spoken in support of this resolution. I would like to point out also that half of the members of this group at one time or another have worked in gold mines, and that three of us represent gold mining communities at this time. Someone has remarked that we must be rich, and if it were back in the days of the depression I would agree with him, but at the present time this is just not the case. This lack of prosperity, I am sure, is one of the reasons why the government has seen fit to offer this increase in assistance to the gold mines.

In moving this increase in and extension of the gold mining assistance legislation the government has perpetuated the original act which was set up for the purpose of solving an emergency problem which developed at the end of the war. The gold mines in years gone by have done a great deal to develop Canada, not only in northern Ontario but in other parts of the country. All areas, in fact, have benefited from the operations of the gold mines. It has been pointed out many times that 200 or 300 factories are necessary in order to produce goods essential for the operation of the gold mining industry, and these factories exist over a great portion of our country. The work created as a result of this industry has greatly assisted in the

maintaining of our economy, even though it has not always been a buoyant economy and during the depression periods this has been particularly apparent in that it has enabled some people to at least make a living.

The gold mining industry, in my opinion, has been the initial stage of development in the part of the country from which I come, namely northern Ontario. We are very sympathetic to the vision of the development of the north, but we feel that the visionary part of our development has already taken place and that we in northern Ontario have reached the stage where we must either go back or go forward in a different way. We might go back as did the town of Cobalt when the price of silver dropped very rapidly. Cobalt folded up and overnight became a ghost town, although it now produces a great volume of silver once more. At that time, however, it was left to its own resources and its economy virtually disappeared. The same thing has happened and now appears to be happening with respect to the gold mining industry and we would be very well advised to read the words of the present Minister of Finance when the legislation was originally before this house for renewal back in 1956. As reported at page 4972 of *Hansard* for June 12, 1956, he said:

> I have emphasized, sir, that this measure is no solution of the deep-seated problem of the gold mining industry. The difficulty and the flaw in measures of this kind is that they often lull the government and lull parliament into thinking that the problem has been solved, or at least the problem has been met for the time being. No hon. member should delude himself into thinking that this measure is any solution, even on the short-run basis, of the needs and the problems of the gold-mining industry. These problems are going to require much more farsighted solutions than are offered by the hand-to-mouth, stop-gap type of assistance that we have in the present measure.

I am in complete agreement with that statement. While it is necessary to continue the emergency gold mining assistance and, because of the rising cost of living, to increase it, it is no solution in the long run to the problems we have to face. Some communities, in fact, have finally decided they must take a look at the situation. The hon. member for Villeneuve spoke very strongly in favour of the mining industry and I might say that the previous representative of Timiskaming, who sat in this house during a previous parliament, also spoke very strongly in favour of the gold mining industry. That hon. lady has been fairly well rewarded by that industry and is now secretary of their association. These communities, however, have suddenly decided that they can no longer speak as partners of the industry but that they must speak for themselves, because their views and their needs are not necessarily the same as those of the industry itself.

Over the past few years the industry has faced new problems and has taken some of the money it has accumulated and has reinvested that money in other industries. It is no longer promoting the gold mining or other mining industries in many cases. For instance, as the hon. member for Timmins pointed out, the $60 million reported to be in the profit fund of the McIntyre mines is now being used to buy steel companies and is to a very large extent being invested in airplane companies, railways, etc. The mining industry is no longer looking after the development of the mining areas or the industry itself; it is quite happy to take its money and apply it in other places. This leaves the communities to look after themselves.

I am quite happy to see that the town of Timmins, in particular, and mining communities in general have joined hands in presenting to the government this year a booklet entitled, "The Gold Mining Community", which is a study of the problems of the economic growth of these communities. This booklet is by William Lougheed Associates, consulting economists, located in the Temple building, Bay street, Toronto, and it is a very interesting document. Every member of this house has now received a copy and I suggest we should all read it. I suggest this particularly because the measure before us does not solve the real problem and it is necessary that we take a look at the situation in the industry in order that we can implement a measure to provide the measures necessary for its survival.

This booklet goes on to point out some of the problems that are faced by the mining industry. In the first place there is a debased price which does not remain constant at the base price of $35. Because of the premium on the Canadian dollar the base price decreases on sales to the United States and less than $35 is received. This appears to be a responsibility of the federal government for two reasons. It has the power to determine the price of gold and it can decide what the premium on the Canadian dollar may be from day to day.

We in this group have supported the Emergency Gold Mining Assistance Act because we felt it would be of some benefit to communities that so desperately need it. We have also looked for other solutions to this problem as have the municipalities themselves. The municipalities have seen the price of materials in the industry go up and the cost of living has gone up. The municipalities are entirely dependent on the people who live

there as a source of tax revenue. The mines which are mostly located outside the town limits pay very little taxes. In finding moneys for the building of schools, sewers and all the necessary services of a community the municipalities must tax the value of the property owned by the townspeople. The industry is of little service to the community in this way.

The municipalities are also faced with the problem of having had the more highly skilled miners locate elsewhere. I worked in the mines for many years. When I left that employment in 1956 the base rate I received as a highly skilled workman was $1.19. Workers in the uranium fields today receive at least $1 more than that. Some receive as high as $2 or more for the same kind of work. It is not surprising that many miners have left Kirkland Lake, Timmins and other communities to settle in Blind River, Elliot Lake, Geko and other base metal fields where the industry is paying a fair and reasonable wage.

We have all heard stories of the wages received by the miners in Timmins and Kirkland Lake during the depression years. If the mines are making a profit today in view of the increased wage structure and increased cost of equipment they have to buy and in view of the selling price of $35, imagine the kind of profit they must have made in the days when they paid workers like myself 58 cents an hour. If one considers this one cannot feel very sorry about an industry that is always depicting itself as poverty stricken. In my own opinion the industry has cried wolf once too often for me to have much sympathy for it but this does not apply to the people who are dependent on the industry for their livelihood. If we are to maintain the industry, and I think we must at the present time, we will have to pay sufficient money so the miners will receive a decent wage and in turn can provide the municipalities with sources of revenue from which they can supply the necessary facilities in the mining communities. I suggest to the minister, and I may very well move an amendment to this effect, that in giving this money to the mining companies we add the stipulation that a portion of it will be given to the workers in the form of wage increases.

Let us consider the situation in one mine. The *Financial Times* of November 22, 1957, points out that Hollinger Consolidated Gold Mines Limited was recently paying a regular quarterly dividend on company's stock of six cents a share, plus an extra dividend of 20 cents a share. Distribution on the stock in 1957 represented a total of 70 cents a share with extras of 20 cents a share in March and six cents a share in June having been paid in addition to the regular six-cent quarterly disbursements. It also points out that for the five-year period from 1952 to 1956 distributions on stock of 25 cents a share yearly were made. The dividend last year was 22 cents and the profit was $1,093,260. The assistance paid by you and me through the federal government was $530,424.21. It is obvious that the mine also should have been able to pay their workers higher wages to provide them with a better standard of living than that which they now enjoy. The company could also probably have introduced a pension plan so that when an employee is no longer able to work he would at least be able to hold up his head in the community and live like a decent human being instead of hanging around a sanatorium with silicosis waiting to die.

Mr. Chairman, may I call it ten o'clock?

Progress reported.

BUSINESS OF THE HOUSE

Mr. Martin (Essex East): Mr. Speaker, I presume we go on first thing tomorrow morning with the estimates of the Department of National Health and Welfare. Could the house leader give us the business for tomorrow and also for Wednesday?

Mr. Green: Mr. Speaker, I am afraid I cannot meet the wishes of the hon. member for Essex East in this regard. Tomorrow we shall start with item No. 3 on today's order paper, which is the house in committee on a bill respecting the taxation of estates; then the Customs Tariff resolutions which come under item No. 22 on today's order paper; then item No. 5, house in committee on the act to amend the Excise Tax Act; then item No. 15, second reading of the act to amend the Financial Administration Act; then item No. 13, second reading of the act to amend the Loan Companies Act; then item No. 14, second reading of the act to amend the Trust Companies Act; then item No. 11, second reading of the act to amend the Income Tax Act; then the resolution appearing under "government notices of motions" on today's order paper which will precede a bill having to do with supply; then the three items under the name of the Minister of Veterans Affairs; and the resolution standing in the name of the Minister of Transport, which is No. 23 concerning the railway grade crossing fund.

Mr. Martin (Essex East): And on Wednesday?

Mr. Green: On Wednesday we may take estimates or we may have to deal with some

of these legislative items. If we take estimates we shall commence with those of the Department of Northern Affairs and National Resources and then take those of the Department of Labour and the Department of Fisheries.

Mr. Martin (Essex East): And finish this week?

At ten o'clock the house adjourned, without question put, pursuant to the order of the house passed on August 4.

Questions

ANSWERS TO QUESTIONS

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

NATIONAL FILM BOARD—DISMISSALS

Question No. 109—**Mr. Rouleau:**

1. Have any employees been dismissed from the national film board since June 10, 1957? If so, how many?

2. How many were technicians, producers, department heads?

3. Have any employees been appointed since June 10, 1957? If so, how many?

Answer by: **Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration):**

National film board:

1. Yes, two.

2. None.

3. Yes, from June 10, 1957 up to June 30, 1958, 78 persons have been regularly appointed in continuing positions; 24 have been engaged on a term basis and 30 on a contract basis.

UNION RAILWAY TERMINAL, OTTAWA

Question No. 166—**Mr. Fisher:**

1. Are negotiations presently being conducted between the federal district commission, the Canadian National Railways and the Canadian Pacific Railway to establish the joint operation by a union railway terminal company of the railways in the national capital?

2. If so, what stage have these negotiations reached and when is it expected they will be concluded?

3. What rearrangement of railway facilities is dependent upon the successful conclusion of these negotiations and what is the anticipated year of completion of each stage of such rearrangement subsequent to the conclusion of the negotiations?

Answer by: **Right Hon. J. G. Diefenbaker (Prime Minister):**

1. Yes.

2. Substantial agreement has been reached on the physical rearrangement of facilities and methods of operation required by the formation of a union terminal company. Agreement has yet to be reached as to financial arrangements. It is expected that final agreement will be reached during the calendar year 1958.

3. The following rearrangement of railway facilities is dependent upon the successful conclusion of these negotiations and the anticipated year of completion subsequent to the conclusion of negotiation is as shown:

(a) Connection west of Bells Corners between C.P.R. Carleton Place subdivision and the C.N.R. Beachburg subdivision. (1959)

(b) Connection at Walkley diamond between the C.P.R. Prescott subdivision and the C.N.R. Walkley cut-off line. (1959)

(c) Connection at Ellwood diamond between the C.P.R. Prescott subdivision and the C.N.R. Beachburg subdivision. (1961)

(d) Construction of additional trackage at Walkley yard to permit removal of C.P.R. switching yard at Ottawa West. (1960)

(e) Connection at Ottawa West joining the C.P.R. Prescott subdivision and Montreal and Ottawa subdivision. (1960)

(f) Construction of a new double-track high level bridge over the Rideau river at Hurdman. (1961)

(g) Realignment and elevation of existing trackage west and east of the Rideau river at Hurdman to provide for joint operation of railways and to provide for grade separation crossings of the Queensway and other important traffic arteries. (1961)

(h) Construction of a passenger train turning loop west of the Rideau river. The location of the Queensway will be on the existing wye turning track and the new loop will do away with the necessity of constructing grade separation structures. (1961)

(i) Installation of additional centralized traffic control signal equipment and communication lines to control train movements as a result of new connections and joint operation of both railways' trains. (1961)

The aforementioned items will permit the removal of C.P.R. passenger and through freight traffic on the Carleton Place subdivision through Britannia and Ottawa West. All through traffic of main line trains will be routed from Bells Corners on the C.N.R. Beachburg subdivision to the switching yard at Walkley or to Union station. This will permit the removal of rail traffic from the Interprovincial bridge (Alexandra bridge).

(j) Connection at Hawthorne between the C.P.R. Montreal and Ottawa subdivision and the C.N.R. Alexandria subdivision. (1962)

(k) Elevation of a portion of the C.P.R. Prescott subdivision between Ottawa West and Walkley diamond to permit the construction of grade separation structures at major street crossings. (1961)

(l) Construction of freight shed and track facilities at Hurdman for the C.P.R. to replace their existing facilities on Broad street. (1965)

(m) Abandonment of C.P.R. Sussex street subdivision from Bank street to end of track at Sussex drive. This can only take place when a suitable industrial area is provided to relocate existing industries now on this track. Present plans are for the establishment of such an area in the Russell road-St. Laurent boulevard part of the city for all industries who are displaced by the railroad relocation plan. The federal district commission has suitable land available. It is expected that this matter will not be completed before five years or when existing leases on railway land in the Sussex street area have expired.

HOUSE OF COMMONS

Tuesday, August 12, 1958

The house met at eleven o'clock.

CANADIAN NATIONAL STEAMSHIPS

ANNOUNCEMENT OF SALE OF VESSELS TO CUBA

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I wish to inform the house that the management of Canadian National (West Indies) Steamships Limited has today announced that an offer to purchase its eight vessel fleet made by the Banco Cubano del Commercio Exterior, Cuba's foreign trade bank, has been accepted. The purchase price is $2,800,000.

The ships will be operating under Cuban registry by Flota Maritima Browning De Cuba, a Havana shipping firm, which already has a contract with the bank to operate six other ships now being constructed for Caribbean service. The firm plans to place the eight C.N.S.S. vessels in service as soon as possible between Canada, Cuba and the West Indies, using the ports of Halifax and Montreal.

The sale agreement will be signed by Canadian National (West Indies) Steamships Limited and Banco Cubano del Commercio Exterior, a subsidiary of Cuba's state-owned national bank, Banco Nacional de Cuba. The approval of the shareholders of Canadian National (West Indies) Steamships Limited has been provided by the governor in council, acting in the capacity of majority shareholder of the company.

In addition to the foregoing announcement, I wish to inform the house that the offer accepted was by far the best of any of the purchase offers submitted. Seven purchase offers were submitted for the entire fleet, while some nine others involved a purchase of a part only of the fleet. The offer accepted was not only the highest offer but the only offer providing sound security for the balance of the purchase price.

May I also inform the house that all the officers of Canadian National (West Indies) Steamships Limited were offered transfer and employment in the marine services of the Department of Transport. A few decided to retire because they were eligible to accept retirement, and a few decided to accept other offers of employment. The others are now employed in my department's marine operations. The pension rights of all concerned have been protected.

Hon. Lionel Chevrier (Laurier): May I ask a question, Mr. Speaker. Can the minister give any indication—perhaps he did in his statement, which I was not able to follow—where these ships will be operated by the new purchaser?

Mr. Hees: They will operate between the West Indies, Cuba, the Caribbean area and Canada, using the ports of Halifax and Montreal.

Mr. Chevrier: What are the terms of purchase?

Mr. Hees: The terms are payment of 20 per cent now and the remainder in five equal yearly payments, which are guaranteed by the Bank of America.

Mr. Chevrier: Does this mean that the minister has presided over the liquidation of the Canadian merchant fleet?

Mr. Hees: No, Mr. Speaker. The minister has simply made an announcement of a transaction which has been successfully and well completed by Canadian National (West Indies) Steamships.

Mr. Martin (Essex East): In view of the fact that the Canadian government is giving consideration—

Mr. Speaker: Order. I wonder whether hon. members would defer their questions until the orders of the day.

[*Later:*]

On the orders of the day:

Mr. R. J. McCleave (Halifax): A question for the Minister of Transport, Mr. Speaker. Could the minister inform the house about the condition of the ships whose sale he has just announced and where they will, perhaps, be spruced up?

Mr. Hees: Mr. Speaker, the ships will require a certain amount of reconditioning before they are fit for service, and I have asked the management of Canadian National (West Indies) Steamships Limited to ask the new owners if they will give every consideration to having the reconditioning done in Canada.

Mr. Chevrier: Mr. Speaker, may I ask the Minister of Transport the following question. In view of the fact that the Canadian maritime commission has recommended that the size of

the Canadian ocean-going fleet should at no time be less than 750,000 deadweight tons and since the sale which was announced this morning reduces it to less than one-third of that figure, what does the government propose to do about restoring the fleet to the size recommended by the Canadian maritime commission?

Mr. Hees: As the hon. member knows very well, all possible considerations were taken into account in trying to keep this fleet intact and operating under Canadian registry. Unfortunately it was found impossible to do so, and it was therefore found necessary to dispose of the fleet.

Hon. Paul Martin (Essex East): In view of the fact that the minister said consideration has been given to every aspect of this problem, I wonder whether, before arriving at this decision, he consulted with the Secretary of State for External Affairs with regard to the proposal that is being made for a ship to be provided by Canada to the West Indies federation for interisland service under a principle analogous to the Colombo plan, which is being considered by the Department of External Affairs; or was the minister not aware of this consideration that was being given by the other department?

Mr. Hees: Mr. Speaker, perhaps the hon. member was not in the house when those questions were asked on, I think, at least two former occasions.

Mr. Martin (Essex East): I was.

Mr. Hees: And on both occasions I replied that this matter had been taken up with the West Indies federation. The ships belonging to the Canadian National (West Indies) Steamships were not suitable for their purpose.

Mr. Martin (Essex East): Has the minister seen the evidence of the recent meeting of the external affairs committee where it was suggested that possibly that was not the case?

Mr. Hees: I have not read that evidence, no.

Mr. Chevrier: Mr. Speaker, may I be allowed another question on this subject and if the minister has not the information at hand perhaps he can give it to the house at a later date. I was wondering how many officers and men on these eight ships will be affected by the sale, and how many of them have found employment in the Department of Transport, as he suggested?

Mr. Hees: Mr. Speaker, I have not the exact figures here; I do not think the hon. member would expect me to have them. As I outlined to him, everyone who did not wish to retire or take employment elsewhere is now in the employment of the Department of Transport. If he wants the exact numbers, and they are of some significance to him, I shall be glad to give them to him privately.

[Mr. Chevrier.]

Mr. Chevrier: I did indicate to the minister—perhaps he did not hear me—that this information may not be available to him at the present time, but I would like to get the exact number.

Mr. Hees: I shall be glad to get that information for the hon. member.

ROYAL VISIT

PRINCESS MARGARET—MESSAGE ON DEPARTURE FROM CANADA

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, hon. members will be interested in the following message which I received this morning from Her Royal Highness the Princess Margaret. It reads as follows:

> Thank you so much for very kind message on my departure from Canada. I am filled with sadness at having to leave after the most exciting and enjoyable month visit to your great country. I was deeply moved by the wonderful reception I was given everywhere I went and by the unfailing kindness of everyone I met during my tour. Please pass on my most sincere thanks to all who contributed in any way towards the successful organization of my visit. I am delighted and proud, Mr. Prime Minister, that the principal mountain range on Axel Heiberg isle is to bear my name. I am delighted with this and it sets the seal on a visit which I shall never forget for its happiness and interest.
>
> Margaret

With regard to the naming of the mountain range, I may say that the geological survey of Canada, which is now working on a survey of the far north, advised that a name was needed for the principal range of mountains which form the backbone of Axel Heiberg island, the large island immediately west of Ellesmere island. This mountain range is the principal feature of the Queen Elizabeth islands and forms the larger part of that island. It was with pleasure that my colleagues and I decided that the visit of Her Royal Highness could best be commemorated permanently by naming that mountain range the Princess Margaret range.

I think I can add, with the approval of members in all parts of the house, that the visit of Her Royal Highness endeared her everywhere, and that the broadcast last night over television and radio was deeply appreciated by Canadians and touched a chord in their hearts in their regard for the royal family.

EXTERNAL AFFAIRS

CANADA-U.S.—PROPOSED JOINT CONGRESSIONAL-PARLIAMENTARY COMMITTEE

Right Hon. J. G. Diefenbaker (Prime Minister): I should like to refer to a matter that has received consideration generally in the house. During the past several months discussions have taken place, both here and in the United States, respecting a means of providing an opportunity from time to time for those who are engaged in the legislative aspects of government in the two countries to meet together and examine common problems, to exchange views and possibly make suggestions to their respective governments arising from these deliberations.

It is my understanding that action in this regard is going forward in the houses of the United States congress with evident support from all shades of political opinion. I have here the *Congressional Record* of July 17 containing a speech by United States Senator Neuberger with respect to this matter and the resolution which he introduced. This resolution provides for close relationship between the legislators of both countries, and section 7 says:

> This resolution shall become effective, and a joint committee established, upon receipt by the president of the Senate and Speaker of the House of Representatives of notification that a committee with similar functions and terms of reference has been established by the Canadian parliament.

It appears from the record that the proposals had the approval of the executive of the United States and of the President, who under the constitution is responsible for the conduct of foreign affairs.

I have been informed that in this country consideration has been given to this matter in the other place, and that a motion of this nature has there been looked upon favourably. I am not going to quote the resolution that was passed, except to say that it welcomed the recent suggestion of the Prime Minister of Canada for the establishment of joint parliamentary committees between Canada and the United States, and the opinion was that if such a committee were set up it would be of great benefit in improving relations between the two countries. The other place offered its co-operation toward this end.

The Leader of the Opposition (Mr. Pearson) and the hon. member for Assiniboia (Mr. Argue) both indicated on August 8 that they would give support to proposals along these lines. This morning I consulted with each of them by telephone, and it is my understanding that they are in accord with the procedure I am about to propose. If the house generally indicates its agreement, I would suggest that we proceed along the following lines.

My proposal is that I should request the Speaker of this honourable house, in consultation with his colleague in the other place, to establish a committee of members of both houses and of all parties for the purpose of exploring jointly with appropriate representatives of the executive and legislative branches of the government of the United States the means whereby increased systematic discussions between legislators of the two countries on problems of common concern may be provided.

I would suggest that such assistance as may be appropriate and required for the purpose of implementing this proposal, if generally acceptable to this house, should be provided by the Secretary of State for External Affairs (Mr. Smith) from his department, with co-operation from other departments of government as may be needed from time to time.

I feel that if this general proposal is accepted we shall be making an advance that will prove beneficial not only to the exchange of ideas as between legislators of our countries, but also that in their deliberations suggestions will be forthcoming which will be generally helpful and will assure that the best of relations continue in the years to come.

This is the first time that anything of this nature has come before this house in so concrete a form. I hope it will receive support. The other day when I was speaking I mentioned the occasion in 1942 when representatives of the Senate and the House of Representatives of the United States met here in room 16. It was the first time representatives of the United States had been present at a meeting of the Empire Parliamentary Association, as it was then known. The hon. member for Laurier will remember very well the deliberations that took place at that time and the extent to which, out of the community of counsel, agreements in principle as to courses generally beneficial to both countries and also to the commonwealth as a whole were arrived at.

Subsequently the hon. member for Laurier, Mr. M. J. Coldwell, Senator Vien and I went to Washington and there met with representatives of congress for a couple of days. Those were the first occasions on which the United States had at any time had representatives of congress meeting, as I said, with either Canadian legislators or representatives of the commonwealth. This course has since been followed to the manifest appreciation of those who have belonged to the several delegations, and also to the material benefit of our relations.

Canada-U.S. Joint Committee

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, before saying a word about the important matter which the Prime Minister mentioned in concluding part of his statement, may I just say this with regard to the visit of Princess Margaret. I am sure that members of the house will have heard with great satisfaction the message she has sent. I can only add that I hope she derived as much pleasure out of her visit to Canada as those who had the honour and the privilege of meeting her derived from that meeting.

The decision of the government to name a mountain range after her was original and imaginative. Judging from Her Royal Highness's message, the fact that the mountain range is on Axel Heiberg island, which is some distance from the more settled parts of Canada, does not seem to have interfered with her appreciation of that unique distinction.

So far as the important statement made by the Prime Minister regarding what I hope will be the establishment on a continuing basis of contacts between the legislators of the United States and Canada is concerned, I might say that we in this party most warmly support such a move. I have personally felt for some time that the official contacts which have now been well established for many years on the executive and diplomatic levels between the two governments should be supplemented, although they could not of course be replaced, by this kind of joint legislative committee. That this should be done is particularly important, though it may add to our difficulties because of the fact that under the constitution of the United States the legislative branch does play a very important part within that country in a rather different way from that played by the parliament of Canada with respect to the development of foreign policy, in that in the United States the role of the legislative branch is almost, although not completely, an independent one.

I have found from personal experience in that field that the contacts between our two countries on the diplomatic and executive levels are not adequate to meet all the problems involved in relations between us. At the same time this will have to be worked out very carefully, because our formal and regular contacts will remain those between the executive branches and through the diplomatic channels of our two countries. I have also had some reason as a result of personal experience in this connection to appreciate the fact that in Washington efforts made on the diplomatic level to establish regular and more or less formal contacts with congress sometimes meet with a little suspicion from other branches of government.

[Mr. Diefenbaker.]

However, the Prime Minister has put forward proposals which would be very helpful in reaching this very important end. We think they are practical proposals for getting a start made on the Canadian side and, as I have said, we warmly support them.

Mr. H. W. Herridge (Kootenay West): On behalf of this group, Mr. Speaker, and in response to the gracious message of the princess which was read by the Prime Minister, I want to say that we in the C.C.F. realize that the princess brought much happiness to many Canadians in her visit to Canada, a visit which was carried out with such charm, such distinction and such grace. We are also very pleased to hear that the government has decided to name a range of mountains in the Arctic after this most distinguished citizen of our commonwealth.

The leader of this group will deal with the other question raised by the Prime Minister.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, the Prime Minister was kind and considerate enough to telephone me this morning with regard to the resolution he has placed before the house. I want to say that the C.C.F. are very pleased that this move is being made. We feel that such a joint committee representative of both houses of parliament and, as the Prime Minister has said, representative of the executive and the congress of the United States is something that could achieve very great things for both our countries. We feel that in the matters of trade, tariffs and export policies generally there is room for discussion; we believe that from those discussions might come subsequent agreements which could result in the freeing of trade and an increase in the standards of living of both our peoples.

In respect to international affairs generally, we in this group have very often felt that we could not wholeheartedly follow the leadership, in certain instances, given to the western world by the United States. We realize, too, that the Canadian government very often questions some of the moves that are made in Washington. I am certain that this type of prior consultation will result in a more forward look and a more realistic policy being adopted by both our countries. We have had joint associations in the past which continue today; for example, the commonwealth parliamentary associations and the association of the members of the various parliaments connected with NATO. Now we have this further advance, and with you taking the leadership, Mr. Speaker, on behalf of the House of Commons,

we are certain that the results will be excellent and that this committee will be well launched.

If I may say so at this time, I hope similar committees may be set up in the future for an interchange of representatives with other major powers in the world. Even though we may disagree, as we do very violently, with policies that are adopted by countries outside the western world, nevertheless this kind of interchange of ideas among people who are acquainted with governments and, in our instance, people who are responsible in our democratic nations, could do nothing but good.

We welcome this motion wholeheartedly and I am sure that in the country, as in this house, it will receive the overwhelming support of the people of Canada.

Mr. Speaker: Before proceeding with the next item I take it that the Prime Minister does not propose any more formal testing of the opinion of the house than the proposal he has made, which has been concurred in unanimously by the leaders of the parties. I believe that he and they have expressed the unanimous view of the house in this matter.

COMMUNIST CHINA—INQUIRY AS TO SEATING AT UNITED NATIONS

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, in the absence of the Secretary of State for External Affairs I wonder whether I may ask this question of the Prime Minister. In the light of the growing influence of red China in international affairs and the apparent increase in support in the United Nations for the seating of red China at the general assembly, can the Prime Minister say whether any consideration has been given to Canada's policy in regard to China, particularly in regard to the seating of red China at the United Nations assembly?

Mr. Speaker: Of course, if the Prime Minister wishes to accept the question I have no objection, but I would point out that this is a question which has been raised from time to time, and it is a matter of policy which I assume the government, when it came to a conclusion, would announce.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, on that point this, of course, is a matter of urgency in view of the fact that the United Nations assembly will be meeting tomorrow and this may be the first item on the agenda.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I think the Leader of the Opposition answered the hon. member for Assiniboia. It is a hypothetical question. It is only anticipation, as the Leader of the Opposition has said, and certainly in these circumstances it has not yet become a matter that should be the subject of a question on the orders of the day.

COAL

DOMINION COAL COMPANY SURPLUS—TABLING OF PAPERS

On the orders of the day:

Hon. Paul Comtois (Minister of Mines and Technical Surveys): Mr. Speaker, I wish to table the information requested by the hon. member for Villeneuve on August 6 with regard to the Dominion Coal Company.

ATOMIC ENERGY

U.S.-CANADA—EXCHANGE OF INFORMATION FOR MUTUAL DEFENCE

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask the Minister of National Defence whether any negotiations have been initiated or are contemplated with the United States government with regard to the exchange of information on atomic matters for mutual defence.

Hon. G. R. Pearkes (Minister of National Defence): There have been departmental discussions on this matter, and any exchange has been made on a "need to know" basis.

[*Later:*]

Mr. Pearson: Mr. Speaker, I should like to ask the Minister of National Defence a question arising out of the reply he gave me a few minutes ago. In view of the fact that any exchange of atomic information on defence will be subject, I assume, to the limitations of the United States atomic energy act, is the government negotiating an agreement under that act which will remove those limitations in so far as exchange of information on defensive tactical military weapons is concerned?

Mr. Pearkes: The government is not negotiating any such agreement at the present time.

NORTHERN AFFAIRS

ESKIMOS—REQUEST FOR FURTHER REPORTS ON DEATHS AT GARRY LAKE, N.W.T.

On the orders of the day:

Mr. M. A. Hardie (Mackenzie River): Mr. Speaker, I should like to direct a question to the Minister of National Defence. Has the Royal Canadian Air Force headquarters in

Ottawa received reports from Royal Canadian Air Force personnel based at Fort Churchill in regard to trips made by the R.C.A.F. to Garry lake in the Northwest Territories on March 22 and May 6 of this year? If so, will the minister table the reports?

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, it would be only routine reports which have been received. There was a trip made on March 22 in response to a request from the Royal Canadian Mounted Police. An Otter aircraft flew with blood plasma to Chesterfield inlet, where there was a seriously ill native, and subsequently to Baker Lake, where it picked up a Royal Canadian Mounted Police constable and a quantity of food for transportation to Garry lake, and from Garry lake the aircraft returned to Fort Churchill. This is the sort of work the R.C.A.F. are doing continually, and they do not submit any definite report on each trip made.

[*Later:*]

Mr. Hardie: Mr. Speaker, is the Minister of Justice in a position to answer the question I asked him on Saturday last?

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, the hon. member asked me on Saturday whether the Minister of Justice had received reports from the R.C.M.P. in the field at Baker Lake in regard to the starvation of Eskimos at Garry lake.

The answer, Mr. Speaker, is that the commissioner of the Royal Canadian Mounted Police advises me that he has received a number of reports from the non-commissioned officer in charge at Baker Lake concerning this matter. The reports, however, are in the nature of routine reports from a junior officer to his senior, and as such are not the type of reports which it is normal to produce in the house. They are administrative reports.

It is my understanding, however, and I am having this checked, that there is nothing in the reports that would add to or detract in any way from the evidence given by the R.C.M.P. at the coroner's inquest, which was discussed here on the estimates of my colleague the Minister of Northern Affairs and National Resources on Saturday last.

LABOUR CONDITIONS

STELCO—FEDERAL PARTICIPATION IN STRIKE SETTLEMENT

On the orders of the day:

Mr. W. L. Houck (Niagara Falls): Mr. Speaker, I know this is a matter primarily under provincial jurisdiction, but I should like to ask the Minister of Labour whether he has been asked to take part in negotiations for the settlement of the Stelco strike?

Hon. Michael Starr (Minister of Labour): No, Mr. Speaker, and I do not expect I will be asked.

FRUIT

BRITISH COLUMBIA—REQUEST FOR DEFICIENCY PAYMENTS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, in view of the fact that this is what I would call a spur of the moment question I have not had the opportunity to send the minister notice, but I wish to address a question to the Minister of Agriculture. In view of his statement in the house to the effect that he would make an announcement with respect to deficiency payments for the British Columbia tree fruits crop year 1957, can the minister say whether the statement in the press this morning with respect to that question was made by him, and where?

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, as the hon. member is aware, I think, statements as to payments being made under the stabilization act are made by the stabilization board, and they issued a statement yesterday in connection with the payments to be made as far as British Columbia apples are concerned.

GRAIN

DEFICIENCY PAYMENTS—INQUIRY AS TO DECISION ON WESTERN REPRESENTATIONS

On the orders of the day:

Hon. Paul Martin (Essex East): May I ask the Minister of Agriculture whether he is in a position to say if the government has yet reached a decision to grant deficiency payments to farmers as requested by the interprovincial farm union?

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, this is the same question that has been asked here on numerous occasions, and I can only give the same answer. This is a matter which is still under consideration, and when it has been decided an announcement will be made.

SHIPPING

INQUIRY AS TO USE OF ATOMIC POWERED ICEBREAKERS

On the orders of the day:

Mr. R. J. McCleave (Halifax): Mr. Speaker, would the Minister of Transport bring the house up to date on his department's consideration of the possible use of atomic powered icebreakers?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I thank the hon. member for advising me of his intention to ask this question. The matter of utilizing atomic power for icebreaking is and has been under active consideration by the Department of Transport since I first announced this last January. A committee was set up to review progress in this field in other countries and also progress made by Canadian commercial companies. Positive progress has been made in line with the desire of the government to achieve nuclear powered icebreakers for Canada without spending millions of dollars to duplicate research in this field otherwise available to us. The government is fully aware of the value of this new form of ship propulsion for the development of our Arctic region.

ESTATE TAX ACT

NEW BASIS FOR ASSESSMENT OF SUCCESSION DUTIES

The house resumed, from Wednesday, August 6, consideration in committee of Bill No. C-37, respecting the taxation of estates—Mr. Fleming (Eglinton)—Mr. Sevigny in the chair.

On clause 1—*Short title.*

Mr. Benidickson: Mr. Chairman, we did not get very far when the committee last considered this bill. That was on August 6, and the debate can be found on pages 3166 and 3167 of *Hansard*. It makes it difficult when one's remarks are interrupted, particularly at this stage of the game when it is the desire of all, I think, to avoid repetition. I do not want to repeat the remarks I made then. I did say that we had before us, as I think all will admit, a better bill than Bill No. 248 introduced at the last session, which was made available to the public for criticism. It just goes to show that advice from outside bodies and members of the general public expert in the fields of law and accountancy is of considerable value.

The bill was discussed in the standing committee on banking and commerce, and I think there will also be agreement that the amendments now before us and which will be moved as we proceed, particularly two of them, greatly improve the bill. However, I said in the committee and previously in this debate that the bill could still be improved. Of course that is true of all legislation, but I felt that this bill particularly could be improved if it were to be examined by the same people who commented on Bill No. 248 of last session, and that it would have helped us if we had received their comments before we were forced to hurry along with the consideration of the bill in the banking and commerce committee.

The house knows, of course, that the bill will now pass to the Senate, and I have no doubt that the Senate will refer the bill to its committee on banking and commerce. If outside organizations want to make representations I hope that committee will not deny them the opportunity. Therefore there is still the prospect that further recommendations concerning the bill may reach this house.

Since the banking and commerce committee concluded its consideration of the bill I believe we have all received a brief from the Canadian federation of university women. I told our banking and commerce committee that it was obvious that these people would like to make representations. They have taken a great interest in estates legislation over the years. I told the committee that the Ottawa officers just happened to be on vacation during the two or three days when we were having double sittings of the committee with respect to the bill, and that I quite believed they were not aware that we were sitting.

This particular brief brings some very important points to our attention, matters that have greatly exercised the women of the land with respect to estates for some years. Of course they readily agree that speedier and less expensive appeal procedures before the income tax appeal board will likely contribute to the settlement of estates within a shorter period of time. They also indicate that some simplification in the assessment of tax will make it possible for estates to be settled and distribution to be made much earlier than was possible under the succession duty act; but they still point out that the fundamental effort they have had in mind over the years is not given much recognition in the bill.

I should like to quote one or two excerpts from their brief. The Canadian federation of university women have this to say:

> We are distressed to note that in spite of repeated submissions by thousands of Canadian women, no recognition has yet been made of the marriage partnership. We reiterate that "one-half of a deceased marriage partner's estate should, if it passes to the surviving partner, be considered for tax purposes as earned by the surviving partner and not therefore subject to estate taxation."

They go on to say with respect to this point:

> Today the number of working wives is constantly increasing. These women contribute, in dollars and cents as well, to an estate which is still considered for purposes of taxation as belonging solely to the husband. Of course a few of these women are interested in building estates of their own and keep their earnings separate for that purpose, but the large majority feel, and rightly so, that such an accounting negatives the partnership in which they are proud to participate.

They go on to refer to some of the new provisions with respect to exemptions, as have many of the bodies that have made representations. They even champion the position of the widower. They say:

> Under Bill C-37 an exemption of $60,000 is allowed in the case of a deceased male person survived by a spouse. For the exemption of $60,000 to apply, however, in the case of a deceased female person survived by a spouse that husband must not only be infirm but the deceased must also leave a dependent child.
>
> This provision, of course, again denies the principle of equality in the marriage partnership—a principle which must work both ways. We are also at a loss to know how the placing of an invalid husband in a worse position than a healthy wife can be justified on any grounds whatsoever.

Mr. Bell (Carleton): Would the hon. member permit a question?

Mr. Benidickson: Yes.

Mr. Bell (Carleton): Is the hon. gentleman reading the brief to indicate his support of it, and does he in fact, support the representations therein made?

Mr. Benidickson: Yes, and when we come to the clause in relation to fair value I thought I might further expand my reasons for supporting it.

Mr. Bell (Carleton): Does that include all paragraphs of the brief my friend has read?

Mr. Benidickson: In addition, I believe further consideration should be given to this very important matter because, of course, it is the practice in the country to the south of us, the United States.

Only two or three days ago, I believe, the Canadian tax foundation sent out its printed comments with respect to this bill. I gave the banking and commerce committee some excerpts from what was likely to be in that publication. Again intending to be brief, I should like to quote the final paragraph of the report of the Canadian tax foundation to its membership who, of course, are lawyers and accountants who specialize in that field of taxation. These are the concluding comments of the Canadian tax foundation with respect to this bill, and I quote:

> Scattered throughout the above description are indications that certain of the provisions of Bill 248 against which strong representations were made remain unchanged in Bill C-37. Many important concessions were granted but several points of grievance remain. To sum up, these include:
>
> 1. Inclusion of foreign real estate.
> 2. Taxation of death benefits, pensions and annuities under both estate tax and income tax.
> 3. Rules of situs which in some instances conflict with common law principles.
> 4. In the case of valuation the provisions that no account shall be taken of future income tax liability and the general rule that the property shall be valued only at the time of death.
> 5. The period during which tax may be paid on an annuity or interest in expectancy, which remains at six years, nor is there any change made in the establishing of tax liability under these conditions.

The study concludes with, I think, these prophetic words:

> These and other omissions suggest that the Minister of Finance will continue to receive representations for changes in his new measure long after it has become the law of the land.

I have some further remarks, of course, to make as we reach the various clauses of the bill. I do, however, want to co-operate with the committee and not unduly prolong its consideration of these matters at this time, first because the minutes of the banking and commerce committee are available to all where this bill was given clause by clause study by the members who sat on that committee; second because I realize that the Senate committee also will have an opportunity to consider the bill. I assume they will do so shortly and I have every confidence that if members of national organizations having an interest in this legislation wish to appear before the Senate committee that committee will not refuse them this opportunity.

Mr. Godin: It may appear proper that another lawyer should follow the hon. member for Kenora-Rainy River in saying a word on this very important bill now before the committee concerning the difficult position and the rights of widows and orphans. Some of my remarks may pertain to the problems and rights of widowers, although I realize that this matter may more properly have been discussed by the Minister of Citizenship and Immigration, who has just left the chamber.

There is no doubt that the principle underlying the amendments brought forth by the committee is to increase certain exemptions for certain classes of people, and second to pay some attention to the problem with which the administration is faced in connection with the rights of the widow or widower in certain properties of the deceased spouse. I feel, in connection with both these matters, that although it may be true that the problems of devolution and benefits accruing to beneficiaries are more properly within the jurisdiction of the provinces, and no doubt the provinces have enacted certain laws to protect beneficiaries so far as devolution and distribution are concerned, such as the devolution act and the dependents' relief act, here we are interested in the taxation of these properties as they evolve in the death of one spouse.

I feel that the amendments quite clearly signify the protection this government no doubt wants to bring about so far as the unity of marriage and the values of ownership which spouses may have in the property they

own in this country are concerned. I am very surprised to realize that in increasing the exemption for the widow to $60,000, no reference is made to a widow who receives this property or the benefit of the goods left by the deceased husband. The amendment to clause 7 more specifically refers to the fact that it is the wish of this government that everyone should receive a benefit if he is a beneficiary, whether or not he is a spouse of the deceased person. I feel this brings about a situation whereby the government may lose certain taxes where the exemption is not properly or should not be properly admitted.

For instance, this brings about a situation whereby a man who has been separated from his wife for years may die and under his will may give the major portion of his estate to a total stranger. The stranger would receive the benefit of the exemption, whereas no doubt the intention is that the widow should receive the exemption. I feel that if the act were amended to grant the exception only in those cases in which there is a widow and dependent children, that would be more satisfactory and more in line with the wishes of the citizens of this country.

However, it may be said that there is some attempt to find a better solution to the problem of the difficulty, after the death of one spouse, of ascertaining just what was his property and what part of the assets may properly be the property of the surviving spouse. It is true that the wording has been changed to a certain extent but I do honestly feel, Mr. Chairman, that the change does not go far enough to protect the partnership which is created by marriage.

I feel that possibly in the smaller estates this problem arises more specifically. I read a short time ago comments to the effect that the increase now granted in the exemption, though it may affect 35 per cent of the estates, will reduce the income to the government by barely 6 per cent. It is true that in smaller estates the attention required is not given by the husband or the wife to the problems which may occur after their death. In recognition of the rights of the remaining spouse in the property left by one who dies, I would suggest that possibly in estates of $100,000 and less, half be automatically considered as the property of the surviving spouse, thereby bringing about a proper and true exemption.

I should like to say one word on another matter, namely the exemption permitted for the benefit of surviving children. I feel that this brings about a problem where a father dies leaving very young children. It is true that the act provides certain exemptions of up to $15,000 per child, but it states that all that is considered by the department is the fact that the child is under 21 years of age. In other words, the exemption is the same for a father who leaves three children ranging from say 16 years of age to 20 years of age and a father leaving three children whose ages range from 2 years to 5 years.

I feel that necessarily as this exemption is given to help overcome the burden of bringing up the children who are left fatherless, the exemption should vary and be increased as the age of the surviving children decreases. In other words there should be a scale whereby if a man dies leaving children who are very young, the exemption will be greater than in the case where the children may be requiring some assistance for a year or two only before they mature.

Although the act brings about certain assistance which the citizens necessarily require, I feel that in its essence and principle it does not pay enough attention to the partnership which is created by marriage. In the second place, I think it is wrong in the sense that the government will be losing the benefit of taxes in those cases where all the benefits of an estate may go to strangers although a wife may survive the deceased.

I mentioned earlier that possibly there is no real principle whereby a surviving husband should benefit from the exemptions only if he is infirm or an invalid. It seems to me that there is no justification for this limitation, though I realize that it may not be the most important of my comments. I feel that the act should pay greater attention to the ownership of the assets of a married couple upon death, especially with the full intention of assisting the smaller estates where often the people concerned do not pay all the attention which may be required to provide for the future if some misfortune should happen in the family. Also I feel that greater exemptions should be given to these very young children who are left without fathers early in life.

Clause agreed to.

On clause 2—*Persons domiciled in Canada.*

Mr. Benidickson: I simply want to point out that, as the minutes of course elaborate, we have heard much of some of the reductions in taxation, particularly as to the foreign real estate item. Under this clause and clause 3 certain types of property which had hitherto escaped succession duty or estates taxation now come under taxation.

Clause agreed to.

Estate Tax Act

On clause 3—*Property included.*

Mr. Benidickson: I should also like to point out that I think this clause is much improved as a result of the reconsideration by the government of the briefs that were given to it by some of those national organizations of which I spoke earlier. In Bill No. 248 there was indication of an intention to tax certain forms of disposition that have occurred longer than three years from the date of death. However, much of this, in fact probably all of it, has now been altered.

The Chairman: Shall clause 3 carry?

Some hon. Members: Carried.

Mr. Benidickson: Mr. Chairman, this is an extremely complicated bill, as you know. Each clause has a number of paragraphs and those paragraphs in turn have subparagraphs. Clause 3 (1) has subparagraphs numbered from (a) to (m). I wanted to make a comment—but I had to turn the page—with respect to clause 3 (1) (1). This provision again is taxing something that hitherto had not been taxable under estates taxation. I referred to this matter in the committee. I still think this voluntary gift by an employer to a dependent of a deceased is something which it is extremely difficult to justify taxing. This is a class of property to which the deceased had no right. The estate could not claim anything against the employer. I do not see how something of that nature can be considered to be part of an estate. As such a contribution or receipt on the part of a dependent would be open to income tax, it seems to me that is a quite adequate tax under the circumstances.

Mr. Hanbidge: To what section is the hon. member referring?

Mr. Benidickson: That was clause 3 (1) (1), subparagraph (i):

> under any disposition made voluntarily in recognition of services rendered by the deceased as an employee of that person—

In other words, it is something that not he nor the estate nor his dependents have any right to claim in a legal way, and I just do not see how that can be considered to be part of an estate.

The Chairman: Shall clause 3 carry?

Mr. Fleming (Eglinton): I think my hon. friend will appreciate the great difficulty that will arise if such a provision is not contained in the act. We have had a similar provision in the Dominion Succession Duty Act, in the old clause 3 (1) (g). This is not a new principle. It is a matter of trying to carry a principle to its logical conclusion, and also to close what is an obvious loophole in the existing legislation.

[Mr. Benidickson.]

Mr. Benidickson: This is a new form of tax. You did, of course, tax receipts by dependants, widows or children, which were in the nature of fringe benefits, something the deceased himself knew he was entitled to from his employer. When that benefit is received the recipient pays on it not only income tax but an estate tax. Sometimes, as we discussed in the committee, this payment involves considerable hardship. I know the difficulty of the minister where it is a pension that a man has made part of his contract of employment, but this particular death benefit is completely voluntary on the part of the employer after death. This one is completely voluntary, and there is no right of action with respect to it. I just do not see, therefor, that it is the property of the deceased.

Clause agreed to.

On clause 4—*Property not included.*

Mr. Benidickson: Mr. Chairman, I realize that it will take longer, but I wonder if you could follow through this bill by quoting the subheadings when we come to a long section such as clause 3. Would the committee not agree to say clause 3, subparagraph 1, subparagraph 2, and so on.

The Chairman: Is it agreed by the committee that I quote paragraph by paragraph and subparagraph by subparagraph?

Mr. Benidickson: In fact, Mr. Chairman, each of these items indicated by letters are sufficiently important to almost justify your calling (p), (q), and so on. We will go through them very rapidly, but I think there would be less attempt made to go back and less feeling of frustration if you were to go down the page and simply call major headings, paragraph 3, subclause 2, and then (a), (b), (c), (d), and so on.

The Chairman: Is it the pleasure of the house to accept the suggestion of the hon. member for Kenora-Rainy River?

Mr. Fleming (Eglinton): I take it that my hon. friend is confining his suggestion to the long clauses and not clauses such as Nos. 5 and 6.

Mr. Benidickson: That is correct.

Clause agreed to.

Clause 4 to 6 inclusive agreed to.

On clause 7—*Amounts deductible in computing aggregate taxable value.*

Mr. Benidickson: Mr. Chairman, I have already indicated that subclause 1 of clause 7 is the clause which has elicited a great deal of interest by the public, and this is the clause

to which the women of our land have perhaps directed most attention in their briefs.

Since the banking and commerce committee concluded its sittings I have received additional communications about this matter as to what is a proper value. I realize this is a very difficult decision for the administration. There is an increase, but it must be pointed out that when the exemption of $50,000 was determined it was as far back as 1951, and there has, of course, been a considerable erosion in the purchasing power of the Canadian dollar since that time.

One must also consider that today, even at a period when interest levels are comparatively high, the income of a widow who has been left $100,000 is not very substantial. I was given some illustrations of what, under present day circumstances with these relatively high interest rates, would be the return upon an estate of $100,000 and upon one of $150,000. I have in my hand one figure calculated by an experienced trust officer whom I do not wish to name, unless my hon. friend insists upon my doing so, because he is speaking in his personal capacity and not for the company he represents. He points out, however, that if one takes a typical estate trust of $100,000, let us say that the residence value amounted to $15,000 and the value of the car perhaps to $2,000, the value of the furniture to $1,000; then that is $18,000 off the $100,000. The funds available for investment, therefore, would be $72,000.

He outlined to me what I believe to be a normal and very creditable portfolio of securities, which he said the trust company had already used for purposes of investment. I will not go into the details, but he ends up by saying that $72,000 invested in bonds at relatively high rates today would bring in a gross income of $3,689. He tells me that administration and collection charges of the trust company would amount to $328, and the difference, therefore, would be $3,361. He estimated the income tax at $114, so the disposable income from this $100,000 would be $3,246 or $270 a month. He pointed out that this was not something which should be regarded as great wealth or high income for a widow trying to maintain a home in these days. Therefore, while the exemptions admittedly have been raised, there is justification for giving further thought to doing something better in the very near future with respect to these exemptions.

The committee may be interested to know that only about 1 per cent of our national revenue comes from this sort of taxation. This same informant has done some further arithmetic for me, as a result of which he makes the assertion that if there were an exemption of even up to $150,000 for all estates the loss of revenue would be only one quarter of that 1 per cent which I indicated was received from this form of taxation. He stated further that if we exempted all estates below $100,000 the government would lose only 15 per cent of the 1 per cent indicated as received from estate duties.

Consequently one must consider the importance of this form of taxation in the lower brackets to the total receipts by the government and the desirability of giving further consideration to these exemptions because of the relatively small income which can be produced today by normal investment—not necessarily cautious investment, but normal investment for an estate of either $100,000 or $150,000.

(Translation):

Mr. Roberge: Mr. Chairman, I think many a Canadian man and woman, especially husbands and wives, will have reason to complain about clause 7, as any testator, or a husband or wife but especially a testator, may will a large portion of his or her fortune and property to a perfect stranger who will nevertheless benefit from the exemption of $60,000, though the wife survive. If the husband survives—I am thinking here of paragraph (a) (ii)—the wife may leave her property to a stranger, and that stranger will nevertheless benefit from the exemption.

I realize, as the minister stated at the committee on banking and commerce, that this is contrary to the spirit of the tax on the bulk of the succession. But the fact remains, and should be kept in mind, that the family is the basic unit of our Canadian economy.

I think husbands and wives in this country will not like this clause, in its present form. I therefore suggest that some time, if not at this session at least during some future one, the government consider the advisability of setting this matter right.

(Text):

Mr. Fleming (Eglinton): Mr. Chairman, I have just a brief word to say in connection with the remarks which have been delivered by the two hon. gentlemen who spoke last.

It may well be that the hon. member for Kenora-Rainy River and I do not mean quite the same thing when we talk about estates of smaller value. He seems to argue that the benefits of this bill should be more widely extended and that there is room for further extension within estates of smaller value. Mr. Chairman, this bill brings benefits to estates of smaller value on a scale not matched by any previous legislation enacted in this parliament. When the Dominion Succession Duty Act was enacted in 1941 it exempted estates

of $5,000, and there was provision for further exemption in cases where a widow survived. In 1948 provision was made for exempting an estate up to $50,000; not a provision that there should be a $50,000 exemption on all estates, but that all estates under $50,000 should be exempt.

This bill goes much further in extending the principle of exemption. In the first place, it carries forward the provision that no estate under $50,000 will be taxed. Now there is also provision in connection with estates up to $53,056, as will be seen on page 14. This bill clearly retains the principle that no estate up to $50,000 will bear any tax at all. Quite apart from this, we have also introduced exemptions that apply to all estates. There is a basic exemption of $40,000 for every estate. That is new. There is a basic exemption of $60,000 in every estate where the deceased is a man survived by his widow, and the same exemption applies where the deceased person is the widow and the surviving husband is infirm, that is, unable to pursue normally a gainful occupation and where there is a dependent child.

There are also here provisions for additional exemptions in the case of dependent children—$10,000 for every dependent child —and, where the child is an orphan, $15,000. These are substantial exemptions, and there can be no doubt that this bill does bring very great benefits to all estates of smaller value.

I have earlier given an instance of the estate left by a deceased person with a surviving widow and four dependent children. Of that estate $100,000 will be exempt under this bill, a clear exemption of $100,000, and there has been nothing in previous legislation which it is possible to compare with that. It is because of provisions such as this that the *Canadian Tax Journal*, at page 269 of its issue, to which the hon. member for Kenora-Rainy River referred earlier, has said of the changes we have made as compared with the old Bill 248:

> Several of the changes go to the fundamentals of death taxation and are more sweeping in their effect than most of the innovations in the first measure. On the whole the taxpayer has come off quite well. Of a dozen or so major changes most are to his advantage.

In Bill 248 introduced last session the basic exemption provided was $30,000. That has been increased under this bill to $40,000. It will therefore be seen that provision has been made to lighten the burden of estate taxation on anything which could reasonably be called a small or smaller estate.

As to the remarks of the hon. member for Megantic, let me say this. We have in this measure strictly respected the constitutional jurisdiction and the constitutional preserves of the provinces, and we have not trespassed on the field of property and civil rights in the provinces, which is exclusively assigned by the constitution to the legislatures of the provinces. The law of succession is strictly provincial in its constitutional incidence, and there is ample opportunity for the provinces to exercise such jurisdiction, and in most cases they have done so, and make such provision as is required in favour of the widow.

We merely make provision for this tax exemption, and it remains within the jurisdiction of the provinces to see to it, by whatever laws they choose to enact, that the claims of the widow in such an estate are provided for. If the will does not make adequate provision for her, there is nothing to prevent a province from passing legislation to override the terms of the will, making adequate provision for the widow. Indeed, many of the provinces have done so; and there is, as well, legislation dealing with the devolution of estates of intestate persons where provision for the widow is earmarked by statute.

In this bill we have in this respect simply recognized the constitutional rights of the provinces, and within that principle we have applied the principle of the estate tax.

Mr. Benidickson: The minister makes reference to the province of Quebec. I have, of course, no intimate knowledge of the law in that province, but it is a fact that if the spouses held community property in that province half of the estate of the deceased spouse would be considered as belonging to the survivor and would not be subject to tax under this bill, regardless of its size.

Mr. Fleming (Eglinton): The law in this respect recognizes the legal results of the acts of the parties. In the case the hon. gentleman has cited, the parties themselves have entered into a contract the effect of which is to create community of property. Now, there is nothing in the common law of the other nine provinces which would prevent spouses from creating community of property if they so chose and so acted. But, equally, there is nothing here which imposes upon or creates, in the absence of an act by the parties themselves, a community of property which is not created by the provincial law, and that is the essential difference.

We have gone further in this bill than federal legislation has ever gone before in permitting the creation of joint tenancies, the holding of property in joint tenancies, that will be exempt, providing the gift in joint

tenancy on the part of the husband was made more than three years before the date of death. This bill is much more generous to the taxpayer in this case than the Dominion Succession Duty Act has ever been, and if any spouses in any of the provinces of Canada, whether common law provinces or the civil law provinces, choose to create community of property between them as to all their property or as to any specific portion of it, this bill will take account of that legal fact. But it leaves it for the parties to create that result, and does not by this measure attempt to create it. We believe that there would otherwise be a trespass on the jurisdiction of the provinces over property and civil rights.

Mr. Benidickson: My hon. friend has referred to contracts entered into to establish community of property in a province other than Quebec, but if that was done, and the source of funds belonged to only one spouse and the contract was entered into within three years of death, the same exemption would not apply with respect to half the estate, would it? In addition, if a contract of that kind with respect to community of property were entered into, and it was of a substantial amount and was solely that of one spouse, the income tax people would want a gift tax with respect to the gift of half, would they not?

Mr. Fleming (Eglinton): My hon. friend knows we have gone some distance in an amendment to the Income Tax Act this year in exempting gifts made by a spouse to his wife where the gift is of an interest in the home they occupy.

Now, as to the estate tax, Mr. Chairman, the only limitation that is placed upon the right to create the joint tenancy and to exempt property thereby created from the estate tax is the three-year rule. So far as it is a gift, then the gift must take place more than three years prior to death in order to give rise to the exemption.

Mr. Benidickson: In a province other than Quebec, but in Quebec the establishment of the community of property does not have to take place within three years of death?

Mr. Fleming (Eglinton): In that case there is not a gift.

Mr. Godin: I followed very carefully the remarks of the Minister of Finance. I do not think his remarks replied to the problems which were presented by the hon. member for Megantic and myself. It is true the devolution of property is a provincial matter. Relief assistance is also a provincial matter. We are here taxing estates in various provinces of Canada, and we do feel it is right to do so, and in doing so we are bringing about certain exemptions which we also feel it is our right and duty to do.

Now, the step the government is failing to take is to bring about a measure of understanding that those exemptions will be applied in a satisfactory manner, and that is the complaint I have to make and undoubtedly the hon. member for Megantic has to make. The Minister of Finance seemed to suggest that we will indicate exemptions, but we will leave it to the provinces to deal with them as they see fit under their own laws. The contention of myself and of the opposition is that in granting exemptions we do not take into consideration certain benefits which no doubt it is not the intention of the government to grant.

An example has been given, but the minister has not explained why this government should grant an exemption of $60,000 to a total stranger just because a man died leaving a wife who was practically unknown to him, and who was possibly presently living in Vancouver while the man lived in Ontario, say. That is the purpose of the amendment of clause 7, and it is difficult for the opposition to see the value in it, and why the government should take on itself the responsibility of granting exemptions but will not indicate to whom they may properly apply, leaving that problem to the provinces. This applies to the ownership in partnership by parents of certain goods.

This has been explained by the Minister of Finance in the sense that it is very difficult, especially in smaller estates, to realize what assets may be those of the wife or those of the husband. It is most difficult, and it is felt that if the act provided for a minimum exemption which would take into consideration the livelihood of those people, one of whom unfortunately has died, and considered a certain amount as the normal value of the share that the surviving spouse contributed in obtaining those assets, it would be a great help.

I do feel that this could be explained further. Let us say that one half of $100,000 could be considered as a fair share which may have been contributed by the surviving spouse in making up the assets but, upon the death of the husband, it may not be possible to ascertain exactly who has the interest and exactly who is the owner. I realize that the wording is slightly changed and that it now reads that the department is to ascertain the interest which the deceased may have had in certain property, but that is very difficult to ascertain also. I think in Canada especially we realize the community in marriage, and

I feel it would be proper in a small estate to have the wife left in a position that upon the death of her husband she will be considered as owning one half of the property up to a certain amount.

Mr. Fleming (Eglinton): This clause deals with exemptions and exemptions only. Every estate is exempt to the extent of $40,000, regardless of circumstances, and in the case my hon. friend has referred to, the case of a man dying survived by a widow, in that case there is an additional exemption of $20,000.

Now, my hon. friend raises the question as to why this additional exemption should apply whether or not the deceased has made a gift to that extent to his wife under the will; or, in the case of intestacy, whether or not the wife has received a benefit to that extent. It is regrettable that my hon. friend did not come to the meetings of the banking and commerce committee where this matter was discussed. I believe he is not a member of that committee but all hon. members, of course, whether members of the committee, or not, are perfectly entitled to attend. I commend to him the reading of the proceedings of the committee where this matter was discussed, as well as other matters, at some length. A good deal of time was spent on the subject of the exemptions and the bases of the provisions in clause 7 of the bill.

This clause illustrates the essential difference between the Dominion Succession Duty Act and the estate tax act. In the case of the succession duty regard is had to the succession of property from the deceased to the successor. In the case of an estate tax, regard is had to the mass of the estate, and the tax is laid upon the estate in the aggregate. In the case of succession duty the tax is laid on the succession from the deceased to the successor.

If the estate tax principle is sound—and this house has approved it—then, Mr. Chairman, I submit there is no ground for introducing into the estate tax principle the succession duty principle as well, and that is what my hon. friend is arguing for. But even though the estate tax principle is to be followed, he wishes us to go further and apply the old succession duty principle to the estate tax.

Now, Mr. Chairman, if we are to do that in that one case, where is the line to be drawn? We will be asked to do it in all manner of others, and what are you going to do? What is the net result in that case?

The difference is a $20,000 exemption. There will be a $40,000 exemption anyway, and I think virtually every province has enacted legislation to protect the rights of the widow in a case where her deceased husband has not made provision for her. In the province from which my hon. friend and I come that right of the widow is clearly protected by the dependents' relief act. No husband can be generous with others before he is just with his own dependents, including his widow.

There is another aspect of this matter that I commend to the consideration of my hon. friend. What about the case of the children? If you are going to make provision that the exemptions created by this clause, in cases where there are surviving dependent children, are dependent upon the benefit going to the child, how are you going to calculate the extent of the benefit? Suppose the deceased has left $5,000 to a dependent child. What are you going to do there? This bill will provide an exemption of $10,000 where there is such a child and $15,000 if the child is an orphan, but how are you going to break this down? Are you going to have some pro rata treatment of the exemption, in the case where the deceased has made provision for the child, to the extent of part of the amount that is provided here by way of exemption?

These illustrations are put forward to indicate how confused and unsatisfactory a situation you can create once you depart from the estate tax principle and, Mr. Chairman, I do not know where you are going to draw the line.

Therefore we have proceeded on what I think is sound ground. This is an estate tax. The house has approved the estate tax principle. We are proceeding on that principle, and I think we can safely leave it to the provinces to ensure that the rights of the widow will be sufficiently protected in the estate of the husband in relation to succession.

Mr. Godin: Not being a member of the committee I have read what was said by the minister on July 21, as found on page 60 of the minutes of proceedings and evidence of the committee. Although he may have given some explanation, I feel he has not shown that the dependents' relief act of Ontario gives protection to a widow who for some years has not been living with her husband. Therefore the benefit of the exemption would go to a stranger in any event in Ontario, and possibly in other provinces also, where the widow is not considered to be entitled to the benefit upon the death of her husband. The dependents' relief act only applies in proper cases where a wife living with her husband under proper circumstances would normally be entitled.

Mr. Fleming (Eglinton): My hon. friend will agree with me that parliament has no power over the succession. Parliament can only tax in relation to the succession. The passage to which my hon. friend referred is not the only passage where this matter was dealt with in the committee. It was dealt with also on pages 14 and 15 on an earlier day when we were dealing with the broad features of the measure. But there is the principle, Mr. Chairman. The house has approved the principle, and I think the provision is quite clear.

Mr. Godin: I took it for granted that the passage to which I have referred contained the full extent of the ministers' remarks on the problem, since he ended his remarks by saying:

> I think I have said enough or perhaps too much on exemptions, Mr. Chairman.

Mr. Crestohl: Would the minister be good enough to point out how the legislation deals with this problem? A man can deplete his estate by a gift of $10,000 under the Income Tax Act in every province except the province of Quebec. In the province of Quebec his estate will always be stuck with the additional $10,000, whereas husbands in other provinces can reduce their estates by a gift to their wives. The way I see it, we still have not brought the same measure of relief to the province of Quebec as in the case of the other provinces.

Mr. Fleming (Eglinton): Mr. Chairman, my friend is reviving or perhaps I should say exhuming the somewhat lengthy discussion we had on the resolution respecting amendments to the Income Tax Act earlier this session, and I do not think it touches the matter we have before us, estate taxation.

Mr. Crestohl: Indeed it does. Here we are talking about exemptions, and estates in all the other provinces except Quebec will be reduced. There will be exemption of the $10,000 that the husband has given to the wife, but estates in the province of Quebec will not be able to benefit from that exemption.

Mr. Fleming (Eglinton): I think my hon. friend has overlooked the fact that the advantage so far as the taxpayer is concerned is much stronger in Quebec than it is in the other provinces by reason of the creation of community of property, and the recognition here of the ownership principle in relation to joint property. This bill goes further than the law of the country has ever gone before in recognizing the ownership principle in respect to property jointly held. That applies to property held under the rule of community of property in the province of Quebec, so that far from taxpayers in Quebec being under a disability in this respect they actually have an advantage—

Mr. Benidickson: Some do.

Mr. Fleming (Eglinton): —where community of property exists.

Mr. McIlraith: I want to clarify in my own mind the matter that was under discussion a moment ago. Before doing so, may I say that I was rather interested in the minister's explanation to the hon. member for Nickel Belt. He based his whole defence of the point at issue in the legislation on the fact that he had followed the principle of survivorship as opposed to the principle of exemption based on succession. I would point out to him that his argument was not wholly logical, because in the very section he has drawn a distinction between types of survivorship, survivorship by the widow and survivorship by the widower. He has already drawn that distinction. The point raised by the hon. member for Nickel Belt was that he should move the line of distinction to a different place.

However, that is not the main point I want to raise now. If the minister will bear with me for a moment, I should like him to clarify my understanding of the significance of this section. I take it that the amount of the exemption is based on the relationship of the survivors. In other words, where there is a surviving widow and a certain number of surviving children, by that very fact the exemption is larger than it would otherwise be. But I think it should be clearly understood that one of the consequences is that the exemption is larger in an estate of a man dying in such circumstances, that is leaving a surviving widow and a number of surviving children, than it would otherwise be, and that larger exemption obtains even although the man dying gives the whole of his estate under his will to a total stranger.

I think that is a correct statement of the law. What I want to do is point out to hon. members how far-reaching that is, and what a substantial departure it is from any principle of taxation I have been aware of in the Canadian parliament. Its implications are very far-reaching, and I have grave doubts in my own mind as to its propriety. I am of the opinion that the minister, or whoever holds his office from time to time, will be back with amendments to this section before very long.

It is a principle that I, for one, cannot condone and which I cannot approve. I do not believe it is necessary in following the main principle of seeking to tax the estate as opposed to taxing the succession.

Clause 7 (1) agreed to on division.

Clauses 7 (2) to clause 9 (7), inclusive, agreed to.

On clause 9 (8)—*situs of property.*

Mr. Benidickson: On clause 9, subparagraph 8, we had quite a discussion in the banking and commerce committee about these changes that are made in the rules that hitherto have been applied with respect to situs of property. There are provinces that collect estate duties, and they are obliged to follow the common law. Practically every organization that submitted a brief to the minister with respect to his proposals for changing the situs with respect to certain types of property felt that this was very undesirable, even though they admitted that it perhaps provided some efficiency from the federal point of view.

It was pointed out that the provinces were obliged to accept the common law in so far as the situs of various types of property was concerned. They felt that in a country where we had people subjected to both provincial estate duties and federal estate duties, it was very undesirable to have two rules with respect to situs, and until there could be some unanimity they did not approve of these changes the minister recommends in this bill.

I realize that we had evidence on this point and the evidence was probably somewhat convincing that the rules here, in some instances, seemed to be more natural and perhaps more efficient. But it is establishing a conflict with the provinces that either now or in the future will be collecting succession duties and establishing situs of property, and as in the committee on banking and commerce I feel I would have to say "on division" with respect to this section.

Mr. Fleming (Eglinton): The matter of situs arises, it is true, under clause 9, subparagraph 8. It arises also much more extensively under section 38, and that is the place where I think the matter could have been more properly discussed. It is the place where we discussed it in committee.

I shall make this observation and content myself with it, Mr. Chairman. The common law rules in regard to the determination of situs of various classes of property are difficult. Anyone who has had experience in determining questions of situs of property in relation to succession and in relation to succession duty knows how difficult those rules are.

In this bill, in the clauses I have mentioned, we have introduced a number of statutory definitions. In the main they follow the common law. They clarify, and they will make it easier for the parties concerned to know, the rules on situs that will be applicable in the determination of the estate tax. I think, Mr. Chairman, this is one of the improvements the bill has brought about in the existing law, because it has laid down in clearer terms than existed in the case books the rules that are to govern. Substantially they follow the common law rules. There are divergences, but I think in those cases the divergence is sound and is to be desired in the interests of clarification of the law and a clear understanding on the part of those who will be governed by the law.

Clause 9 (8) agreed to on division.

Clauses 10 to 14 (6), inclusive, agreed to.

On Clause 15 (1)—*Instalment payments.*

Mr. Benidickson: On 15 (1), Mr. Chairman, I have a very brief comment to make. I noticed, I think it was 10 days ago, that the United States House of Representatives developed a bill with respect to taxation generally. It was in several parts. They provided some relief with respect to income tax, but in the same bill they were amending their rules with respect to estate duties. The only amendment I noted in the bill that had relation to estate duties was that they felt obliged to alter the term for instalment payments to 10 years. I commend that to the minister.

Mr. Fleming (Eglinton): This clause, Mr. Chairman, goes further than any federal legislation has gone before. The previous rule in the Dominion Succession Duty Act was payment in four annual instalments. This provision allows payment in six annual instalments.

Mr. Benidickson: And it is an improvement on Bill No. 248, is it not?

Clause 15 (1) agreed to.

Clauses 15 (2) to 20 (3), inclusive, agreed to.

Clauses 21 to 24 inclusive agreed to.

On clause 25—*Irregularities.*

Mr. Benidickson: Mr. Chairman, I have some remarks to make on clause 25. Perhaps we can call it one o'clock.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Clauses 25 and 26 agreed to.

On clause 27—*Listed securities.*

Mr. Benidickson: Mr. Chairman, one does receive representations from the public when

a committee proceeds rather hastily in examining a bill of this kind, and the question of value is, of course, very important. I think some improvements have been made in the bill, not only in committee but also previously, but I have one or two suggestions I would like to make to the minister at a later stage, some of which have been made by the specialized insurance counsel. The particular suggestions I have in mind do not relate to this particular clause, however, so I shall defer my remarks until we reach the appropriate clause.

Clause agreed to.

Clauses 28 to 31 inclusive agreed to.

On clause 32—*Shares of controlled corporation where beneficiary of insurance policy.*

Mr. Benidickson: I would just like to make a comment on this clause, in that I feel it received a pretty fair overhauling from Bill No. 248, which was presented last session. I believe the members of the banking and commerce committee were gratified that that had happened because the protests in connection with Bill No. 248, as originally drafted, were pretty strong.

Clause agreed to.

Clauses 33 to 37 inclusive agreed to.

On clause 38—*Situs of property.*

Mr. Benidickson: Clause 38, as amended, still does not meet with the approval of some members of the committee. This, of course, deals with the situs of property and we referred to this matter this morning. The clause, of course, gives in detail the situs of property which henceforth will be statutory and will not have to be determined by common law. I must say, as I said in connection with the earlier section, that we oppose the adoption of this clause.

Clause agreed to on division.

Clauses 39 to 41 inclusive agreed to.

On clause 42—*Person leaving Canada or removing property.*

Mr. Benidickson: This is one clause of many in the bill where we see to the right in the explanatory notes that this is something new in so far as the collection of estates duty is concerned, and the explanation has been given in the other clauses, and is now given here, that this clause is similar in part to sections of the Income Tax Act.

These to my mind are new administrative privileges which are being asked for with respect to enforcement and so on. I think they may provide simplicity to the administration, but one has some hesitation in extending to this type of property the same type of strong-arm authority on the part of administration which might now be provided under the Income Tax Act.

We discussed this question in the banking and commerce committee and the officials indicated, usually, fairly sound reasons for asking for this extension of privilege and authority. I may say that it was a member of the government on that committee who, I think very wisely, made an interjection that not every member of either the House of Commons or the committee was satisfied that it was enough to say that because it is in the Income Tax Act it is justified in being in the Estates Tax Act.

Mr. Fleming (Eglinton): The hon. gentleman said "a member of the government".

Mr. Benidickson: A member of the government party, I should say. A member of the government party very wisely said that he had never been satisfied that some of the administrative provisions of the Income Tax Act were perfect, and therefore it was not, in logic, good enough to say that a section was similar to something in the Income Tax Act.

I have heard hon. members opposite, when they were sitting on this side, complain very bitterly about some of the provisions of the Income Tax Act, and if they have those feelings I hope that as time goes on they will urge the minister to relax some of the authority that is contained in this bill generally —not especially in this clause—an authority which makes it less open to the taxpayer to argue and assert his point of view.

Clause agreed to.

Clause 42 agreed to.

On clause 43—*Lien for taxes.*

Mr. Benidickson: Would the minister tell us what effect this clause would have upon a mortgage, or upon a purchaser?

Mr. Fleming (Eglinton): Clause 43 creates a lien in respect to the amount payable as tax, interest or penalties on the real property of the deceased that is situated in Canada. There is one new provision in this respect. The provision in the present succession duty act which applies in this situation is section 25, subsections 3 and 4, and that provision creates a lien on the property of the deceased of the same nature as the lien created by clause 43 now under discussion, except that section 25 applies to the real property situated in Canada of only those deceased persons who died domiciled outside Canada. The one change this clause makes is to extend this lien to apply to all persons whether they

were at the date of death domiciled in Canada or domiciled elsewhere. That is the change this clause makes.

In an ordinary case there is no requirement in the legislation of most of the provinces respecting registration of deeds for the registration of the release that is issued by the dominion succession duty authorities. In the provinces which still collect their own succession duties, provision is made prohibiting registration of any instrument affecting a title to land after the death of a person having an interest in that land without a specific release in respect of that property being obtained from the provincial succession duty office. Provision has been made, and will continue to be made in this new legislation, for the issuance of releases by the estate tax authorities in respect to specific assets of the deceased, and because of the existence of this statutory lien created by clause 43 it will be the responsibility of persons dealing with property in which a deceased person had an interest, where his successors or personal representatives are issuing instruments affecting the title, to take the responsibility—and the purchaser will have the same responsibility cast upon him for his own protection—of making sure that the estate tax has been paid; and of course the best evidence of that would be the production of the estate tax release in respect of that particular asset.

Mr. Drysdale: I do not intend to labour this point, because I have already raised it with the Minister of Finance, but we in British Columbia operate under the Torrens system of indefeasible certificate of title. In my opinion this method of imposing a lien has jeopardized our position as far as title registration is concerned, and I should like to suggest what I have already told the Minister of Finance privately; that consideration be given—not immediately, but within the next year—to putting into effect a system providing a time limitation on the filing of the lien, or else making a provision whereby the lien must be filed within a stated period of time, otherwise it would expire.

In British Columbia we have a situation at the present time, under the 1941 succession duty act under which a person searching a certificate of title, before relying on the title, must search back to 1941 in order to ascertain whether or not the estate has been released from its tax obligations and, in the case of the old act, whether the deceased was domiciled outside of Canada.

The situation at present is that there is no assurance that the government may not step in at some future time to recover the lien on the estate, maybe in five, ten or even 20 years time, and I would suggest a limitation to say six months from the date of death, or from probate. I draw this to the attention of the minister because the matter is of particular importance to British Columbia.

Mr. Fleming (Eglinton): The hon. member has discussed this matter with me very earnestly. It is a subject that was touched on briefly in the banking and commerce committee, and I should just like to say a word about it.

One can appreciate the desire of persons who hold a certificate of title under the system of land tenure and registration prevailing in British Columbia and some other provinces to maintain all the features of the title to which the certificate purports to testify. On the other hand we are making no change in the law in this respect. This is simply re-enacting, in essence, the terms of the succession duty act as they have been in effect since 1941. The only change this section makes in the existing law is the inclusion of property in Canada owned by persons who, at the date of death, were domiciled in Canada.

My hon. friend speaks about a time limit. There is provision here for the registration of a caution. My hon. friend spoke about the registration of a lien. The section, of course, creates a statutory lien that can be followed up by the registration of a caution if that were thought by the enforcement authorities to be desirable. These matters, of course, are always under consideration, and we shall be glad to give continuing study to it.

I point out, Mr. Chairman, that in the certificate of title that is issued under the same system of land tenure and registration in some other provinces there are statutory exceptions. Normally they are mentioned in the certificate of title. They are not enumerated but reference is made to them, so that any person taking or acting on a certificate of title is on notice that there are some statutory provisions that will substract something from what might otherwise be regarded as an indefeasible and absolute title.

I do emphasize, Mr. Chairman, the fact that this clause does not carry the principle of the statutory lien any further. It applies it in one more case, but it does not carry the principle as such any further.

Mr. Drysdale: In fairness to the minister, I may say that in British Columbia we have a section in the land registry act, section 38, which deals with the specific exception to which he refers; but, on the other point, he said there has been no change in principle or in the law from the 1941 succession duty act. I would point out to the minister that I do not agree that the principles in the 1941 act are correct.

Mr. Benidickson: May I just say that the hon. member for Burnaby-Richmond was one of those who, as a new member, took quite an interest in the sittings of the banking and commerce committee and contributed to some of the amendments that I think were generally satisfactory. Quite a few members realize the opportunities that are open to them when we do have a chance informally to consider a bill in one of our standing committees. I think those who participated in the proceedings of the banking and commerce committee and criticized some of the provisions of the bill as originally presented will feel fairly satisfied in their own minds that they were fulfilling a worth-while purpose.

They will remember that at the opening of the sittings with respect to the estate tax bill the Minister of Finance made some reference to an analogous situation when the income tax revision was referred to the House of Commons banking and commerce committee in 1948, and he referred to the analogy there in so far as procedure is concerned; but may I say to the hon. member for Burnaby-Richmond that while we were discussing the Income Tax Act in 1948 I took a position very similar to that which was taken by several members supporting the government in the recent sittings of the banking and commerce committee, to the extent that he will find on page 716, the final meeting of the committee, a considerable compliment paid to me by one of the senior critics of the opposition, namely the late Senator John Hackett, because I did not choose to be a rubber stamp in connection with a matter of that kind. Mr. Abbott, of course, was piloting the bill, and just as an encouragement to the hon. member may I say that I ended up as parliamentary assistant to the minister at a later time.

Clause agreed to.

Clauses 44, 45 and 46 (1) inclusive, agreed to.

On clause 46, subclause 2—*Offence.*

Mr. Hanbidge: I was not a member of the banking and commerce committee. Is there a section in the act under which an executor or an administrator can obtain a clearance certificate?

Mr. Fleming (Eglinton): No, Mr. Chairman; this new act does not carry forward the old provision for the issuance of a certificate of discharge.

Mr. Hanbidge: Is there no way for an executor or administrator to get clear of the debt?

Mr. Fleming (Eglinton): Well, there is provision that he is in effect automatically cleared when the tax had been paid. As to specific assets, it will be his responsibility to obtain his release in respect of particular assets. As to his liability, payment of the tax will discharge him from his liability, but there is no provision for issuance of a certificate of discharge now.

Mr. Hanbidge: Then it is not possible to get an order from the court discharging the executor or administrator without a clearance certificate?

Mr. Fleming (Eglinton): No. The court has no status in such circumstances to make a finding or order that an executor has discharged his liability in respect of the tax.

Mr. Benidickson: As an executor or administrator can he get it cleared by the court? Under the old succession duty act he could not; the court had no jurisdiction, under our rules, to give a clearance certificate, or at least to discharge an executor or administrator without that clearance certificate.

Mr. Fleming (Eglinton): The court has no status, as I indicated a moment ago, to make a finding. No court that I am aware of has the status to make a finding in such circumstances that the executor has or has not completely discharged his liability in respect of tax. That is a matter between him and the Department of National Revenue.

Mr. Benidickson: Of course under the old bill it was possible to get a certificate of discharge. This greatly exercised members of the committee, particularly, I must say, members of the legal fraternity who are supporters of the government. I think the minister and his officials should now, in their leisure, having regard to future opportunities to amend this bill, give this point very serious consideration. I am sure this particular void in the legislation was the subject of as much general discussion during the banking and commerce committee hearings as anything else, and I suggest to the minister that while we were pushed pretty hard, two sittings a day, to get through this bill—and it is a long one—I think if we had gone about it a little more leisurely we would have been able to arrive at something that would be an adequate substitute for the present certificate of discharge which is available to an executor.

Mr. Fleming (Eglinton): That matter was fully considered. It was fully considered before the bill was brought to the house, because representations were made about it. It was fully discussed before the banking and commerce committee, and the committee was fully informed as to the representations that had been made on the subject. I do not think

the impression should be left that the committee hurried over this bill. The committee did not hurry over any feature of the bill. As a matter of fact the committee proceeded very deliberately and as one who has had, I think, a fair amount of committee work here in the last 13 years may I say I do not think any committee has ever done a more thorough piece of work on any piece of legislation than the banking and commerce committee did on this particular measure.

In case the hon. member for Kindersley has not reflected upon it, I might draw his attention to the provisions of clause 12, subclause 5 (b) at the top of page 18, where he will see that there is no power on the part of the Minister of National Revenue to reassess after four years from the date of an original assessment or the date any property is disposed of under a disposition or agreement as described.

Mr. Benidickson: That was one of the worth-while amendments as a result of the committee discussions.

Mr. Fleming (Eglinton): No. That was an amendment made by the government as compared with Bill 248 before Bill C-37 was introduced.

Clauses 46 to 50 inclusive agreed to.

On clause 51, subclause 1—*Offences.*

Mr. Benidickson: I do not have the succession duty act in front of me, but I am sure the minister or his officials through the minister will be able to indicate to what extent there have been changes in the penalties. What are the differences in minimum penalties between what is provided in clause 51 and the penalties that have been applicable hitherto? I note in the explanatory note that this clause is new in part. Perhaps the changes might be pointed out.

Mr. Fleming (Eglinton): The relevant provisions of the succession duty act are sections 52 and 53. Section 52, subsection 1 provides:

> Every person failing to deliver the statement required by section 16 is liable to a penalty of $10 for each day of default which elapses after the time limited for delivering such statement, but such penalty shall not in any case exceed $1,000.

The second subsection provides as follows:

> Every person failing to complete the information required on the forms prescribed by the minister for reporting the particulars required by section 16 is liable to a penalty of $10 where the aggregate net value of the property the subject matter of the succession does not exceed $50,000, and to a penalty of $100 where the aggregate net value exceeds $50,000.

It is also provided in section 53 as follows:

> For every default in complying with the provisions of section 18 and section 20—
>
> [Mr. Fleming (Eglinton).]
>
> Those are the sections pertaining to furnishing information on demand or producing documents required by the minister.
>
> —the persons in default are each liable on summary conviction to a penalty of not less than $25 for each day during which the default continues.

My hon. friend will see that the penalty created by clause 51 (1) of the present bill is a fine of not less than $100 and not more than $10,000. That, of course may be an increase over the penalty now prescribed by the Dominion Succession Duty Act. Then in subclause 2 of clause 51—

Mr. Benidickson: I was concerned only with the minimum penalties.

Mr. Fleming (Eglinton): In subclause 2 the penalty is a fine not exceeding $5,000 or imprisonment for a term not exceeding six months or both fine and imprisonment, and there is a saving provision in subclause 3.

Mr. Benidickson: It was my understanding that there had been a minimum penalty of $10 per day under the equivalent of 51 (1). I can imagine that could become quite a sum under certain circumstances. Under the former statute was there some method of remitting the fine under proper circumstances, or was it absolute?

Mr. Fleming (Eglinton): The statute itself did not make provision for remission. It simply provided in section 52, subsection 1, that the person in default should be liable to a penalty of $10 a day for each day of default, but I am told that the penalty was applied only in clear cases.

Clauses 51 to 59 inclusive agreed to.

On clause 60—*Coming into force.*

Mr. Benidickson: On the matter of coming into effect, the minister cannot, of course, predict the result of further processes with regard to this legislation, but is it his intention to have the legislation proclaimed as rapidly as possible after passage through parliament?

Mr. Fleming (Eglinton): No, Mr. Chairman. This is a statute with respect to which we think adequate warning must be given to the public. It is highly important that the public should have ample warning and notice of the intention to bring the bill into effect. I pointed out on previous occasions that the bill has not been drawn so as to provide for the repeal of the existing legislation, the Dominion Succession Duty Act. That act will continue on the statute books and will apply to the estates of all persons dying prior to the date on which the new legislation is brought into effect in pursuance of clause 60 now under discussion.

When the present bill is proclaimed it will have effect with respect to the estates of persons dying after that date, but it will not have any application to the estates, whether partly assessed or partly administered, of persons who die prior to the date on which the new act comes into effect. We will certainly have in mind the importance of giving ample warning to the public of the intention to bring this legislation into effect.

I should like to make this statement as to the effect of the new tax in relation to existing wills. Under the succession duty acts, provincial and federal, liability for duty falls on the successor. Many testators provide in their wills that such duty be paid from the mass of the estate as a general charge like a debt. Such wills should require no change. However, wills without such a provision require alteration if the new tax is to be charged against all the successors rather than only against those who succeed to the residue of the estate. If this is the testator's desire he would have to provide instructions to his executors to apportion the amount of the tax as he wishes after payment has been made by the executors as required by the act.

I would therefore urge all persons to examine their wills with the new tax in mind to ensure that when it comes into effect their testamentary intentions will in this respect be carried out. To provide an adequate period for this to be done, the new act will not be proclaimed for some months.

Mr. Benidickson: This is a little inconsistent, as I see it. When the minister appeared at the first meeting of the banking and commerce committee he was arguing that we had to be in a rush. For one thing, he wanted the legislation to be advanced to the Senate. He also took pride in the fact that he had given the public an opportunity to examine his draft Bill No. 248 of January, 1958. In his remarks on financial matters in December, 1957, and again in his budget speech, he certainly threw out his chest considerably about the savings that would be available to people, particularly in the lower income tax brackets, as well as the lower duties that would be operative under this statute as compared to the succession duty act.

We were told, as I understood it, in the banking and commerce committee that the advertising through regular channels of the contents of this bill was so complete that we did not need to hear from members of the public any criticism of it. Now it appears that any beneficence in this bill is not likely to be operative in the very near future.

I raised this very point that people had to consider their wills, and that was one of the reasons I said that I did not want to see two laws with respect to the situs of property, because it might make it difficult for people making wills. This argument was dismissed as not very consequential by the majority of the committee.

I think for the minister to say that this act will not become operative for some months after he informed the Canadian public on December 6, 1957, that there were tax benefits amounting to some $7 million coming to them, and when he said again on June 17 that this was of great benefit to the people who had relatively small estates, he should be more specific as to the appropriate time he thinks he could recommend that it be proclaimed by the governor general.

Mr. Fleming (Eglinton): I have been very specific on this matter as to the considerations that have to be taken into account. I have been very frank and forthright with the committee in this respect. I would deplore it if the impression were left by my hon. friend's remarks that there was any rush to get this measure through the committee. I assert very firmly, Mr. Chairman, that there was no rush that this matter be put through the committee. The committee proceeded very deliberately, and had five lengthy meetings on this bill. There was no attempt to rush the matter through the committee but the committee did choose, and I think very wisely, to have for itself the benefit of a consecutive study of this bill.

I am sure hon. members who have had very much experience with committees around here know how easy it is for committees, when they are meeting once or twice a week, to lose the thread of a study. This measure is an entity; and one of the factors, in my opinion, that contributed most to the effectiveness of the very intelligent scrutiny to which this measure was submitted in the banking and commerce committee is that the committee did not spread its meetings out over a period of weeks. The committee met each day. The committee had a meeting on the first Friday, then Monday, Tuesday, Wednesday and I think Thursday. In that way we maintained continuity in the review of the bill.

I think that was wise. I believe the committee made a sound choice in the first place in that respect, and I think the committee, as it proceeded with the bill, showed in its deliberations that that decision had been beneficial in assuring the members who attended the committee that there was no loss of continuity from meeting to meeting.

So far as the date of proclamation is concerned, I cannot be more specific. We believe there are benefits to be had from this measure.

We believe it is a good bill. It is not a perfect bill, and in any new measure of this kind I am quite sure there will be opportunities as the years pass for making improvements in it. But we believe this is a good measure. It is an improvement, and we do not intend to delay any longer than is strictly necessary, having in mind the factors I mentioned earlier, the bringing into effect of this measure and the benefits we believe it will bring to the Canadian people.

Mr. Benidickson: I was not going to bring back the argument as to whether or not this committee had proceeded too quickly in its deliberations. I said that at several stages, and that was not the point I really wanted to emphasize, though I believe it very firmly. Since the minister has reintroduced this subject I just want to give my own experience.

Mr. Fleming (Eglinton): It was my hon. friend who introduced it.

Mr. Benidickson: Probably I did not emphasize properly the point that was impressing me. The point that was impressing me was that the minister in December last, and in his budget, emphasized the advantages of the tax reductions that would result from this legislation. Now it appears that we have no assurance that this bill will be rapidly proclaimed, despite all the virtues the minister has claimed for it.

I think the minister was fair. I do not recall in the banking and commerce committee he ever chastised the former government for not bringing in its announced changes in connection with the overhaul of the succession duty act or introducing a substitute for the succession duty act. I have heard him say we were dilatory in changing the act after, I think it was, as far back as 1954, Mr. Abbott announced that he was giving this matter very serious consideration.

I know some of the difficulties that arose. There was controversy about such a radical change in the form of taxation, that it would go from succession to the quantum of the estate. But I am by no means satisfied with this thought that the government do not believe that this measure, which they advertised as being so beneficial, should be proclaimed at an early date.

Mr. Fleming (Eglinton): Mr. Chairman, my hon. friend is usually very fair. I hope he is not leaving on the record or in the mind of any member of the house the impression that we said there were going to be tax reductions brought about by this measure in this present year. If my hon. friend will look at the budget speech of June 17 he will see that, as found at page 1245, in reference to this matter I said this:

> The proposed new estate tax is definitely a tax-reduction measure. On an annual basis the yield from this revenue field will be less by about $7 million.

Then in giving the house a detailed estimate of the effect of this tax on the revenues for the fiscal year 1958-59, if he will look at page 1249 of *Hansard* he will plainly see there in table IV that I show that the estate tax would bring about a tax reduction in a full year of $7 million, but that I did not estimate any tax reduction from this source for the fiscal year 1958-59; nothing.

Mr. Benidickson: Now we see the nigger in the wood pile.

Mr. Fleming (Eglinton): The reason for that is two-fold. First there is the necessity of having the legislation passed and proclaimed. The second is that revenue under a measure of this kind makes itself felt only after a period of about six months. If this measure were brought into effect today it would not have any perceptible effect on the revenues for six months, because it takes six months for payment to be made in each particular case. I think my hon. friend can see very plainly that no matter when this measure is brought into effect, there would not be any effect on the revenues for a minimum of six months. That is why, in what was said, no effect was attributed to this new measure on the revenues for the fiscal year 1958-59, this present fiscal year.

Mr. Benidickson: Mr. Chairman, I am very much disappointed in the Minister of Finance. I heard him on two occasions when he made major financial announcements in this house, namely on December 1, 1957 and June 17, 1958, and on both occasions he took pride in announcing to the house that he was introducing a measure that would reduce taxation for those that might be interested in the residue of an estate, which reduction would amount to a cost of the treasury of $7 million. Now we find that he will give us nothing definite as to when these much heralded, much advertised benefits will actually accrue to those who are interested.

After reading his speeches in December, 1957 and June of this year, I think we can expect more than that from the minister. He made some reference to some complication in getting proclamation of an act of this kind. I do not want any *Hansard* reader to think there is anything important in that matter. One who is interested, as a member of the government in getting an act proclaimed, can do so fairly quickly—

in a matter of hours, sometimes—by appeal to the Governor General. I therefore do not want anybody to think that the proclamation in itself is a complicated bit of red tape. I am surprised that this form of tax relief which the minister has talked about is to be left aside or shelved for an uncertain time. He will not tell us when it may likely become effective.

Mr. Fleming (Eglinton): Mr. Chairman, fair comment will be welcomed at all times, but any statement of the kind the hon. member has just made is no correct paraphrase of anything I have said this afternoon. To talk about shelving this measure is to do violence to anything that has been said here this afternoon. What I did Mr. Chairman, was to take into account matters that any responsible government must take into account in relation to proclamation. If this measure were proclaimed next month, next month being September, it would not have one copper's effect on the revenues from the estate tax for the balance of this fiscal year for the very reason I have mentioned, namely that it does not have any effect on revenues for at least six months.

There is no ground whatever for any suggestion of shelving. We brought this measure forward because we believe in this measure. We have not brought it this far, let me assure my hon. friend, only to have it shelved or bypassed. We believe in this measure. We are going to see it through. It will be brought into effect when, having regard to all the circumstances, it can be brought into effect with due notice. I am sure no minister can do more than that.

Mr. Benidickson: Mr. Chairman, the matter of the six months is simply a red herring. One knows that six months will apply in the same way if this act is not proclaimed until six months from now. In the meantime the government receives revenues based on the old act. I hope that is not what has motivated the hon. member because, as I say, he has said so much in favour of the importance of providing these reductions in estate duties.

In so far as a comparison with other taxing statutes is concerned, we all know that of the resolutions which are before us and which we still have to complete, some of them became effective June 17 budget day, so far as the Income Tax Act was concerned and some of the proposals that resulted from the minister's budget of June 17 were even made retroactive. They apply back to January 1 of 1958.

Mr. Fleming (Eglinton): Only when it is a matter of relief; when they are relieving sections.

Mr. Benidickson: Those considerations are not impediments in so far as the minister is concerned. In conducting the program now, after this bill passes the Senate, if it does so, and comes back to us for approval and is passed, nothing prevents the minister, if he will recommend it, from having it proclaimed so the taxpayers whom he says will benefit to the extent of $7 million will get that benefit.

Mr. Crestohl: Before passing from the discussion for proclaiming the measure, may I say that I think there was one feature which surrounded the bill as it went through the banking and commerce committee which the minister might perhaps still remedy. It is true that we sat almost consecutively. Some might have felt that, being a new measure, it was quite cumbersome. It had 60 sections, with a great many subsections and a great many subparagraphs. Despite the fact that we sat almost consecutively it was not a very simple measure to digest. I think we should have had the benefit of hearing from the public at large. Large national organizations familiar with this type of legislation, such as the tax foundation, chambers of commerce and others like them should have come before the committee.

Mr. Martin (Essex East): And the council of women.

Mr. Crestohl: Yes, and the council of women. We should have heard from these organizations. We should have had the benefit of their views. Even though the minister was anxious to pilot it through—and it is a good piece of legislation; we do not deny that completely; it is well drafted—I feel that from my point of view it could not have been given the full and cautious study that a new piece of legislation like this should have. I should like to recommend that the minister—I do not know how he can possibly do it—give every encouragement to the other place when they go through the legislation to notify the people to appear before them in committee so that at least we might have there the benefit of the points of view of these organizations and the Canadian public at large.

Mr. Fleming (Eglinton): The points of view of these organizations were fully put before the committee on banking and commerce. The briefs of the national organizations were before the committee, and something was done that I do not recall being done previously in my 13 years' experience in the house. As we came to section after section upon which we had received representations from these national organizations, where we did not under the new bill give full effect to the representations the minister and the

officials reviewed for the information of the committee the representations that had been submitted. So that the committee had full knowledge of the relevant representations before it proceeded to pass any of the clauses—

Mr. Martin (Essex East): This was a most undemocratic procedure.

Mr. Fleming (Eglinton): Mr. Chairman, this was done for the instruction of the committee. The committee had the briefs before it and as to any further representations which came in while the measure was under consideration in the committee, those likewise were placed before the committee. The committee therefore had all the information before it as to the views of these national organizations.

Mr. Crestohl: Will the minister not admit that it is very much more helpful to us to have a witness before us whom we can question on the various representations made, so that we may hear the various points of view on all such suggestions rather than resorting to the cold print of a typewritten memorandum. I am sure these organizations would have been delighted to have been heard and to have given us the benefit of their viewpoints.

Mr. Benidickson: Mr. Chairman, on this point I just cannot allow the minister's remarks to remain where they have been left. I quite agree that when asked he and his officials did reply very courteously as to what such and such an organization had to say to them in criticism of this bill. The minister, however, overlooks the fact that generally speaking it was necessary for a member of the committee to be acquainted with the briefs and it was necessary also to ask in each case what representations had been received.

Mr. Fleming (Eglinton): No, no, that was volunteered.

Mr. Benidickson: Only after one trust company president, who was not named wrote—

Mr. Fleming (Eglinton): Not at all. That is not true.

Clause agreed to.

Bill reported, read the third time and passed.

WAYS AND MEANS

The house in committee of ways and means, Mr. Rea in the chair.

CUSTOMS TARIFF

2. That schedule A to the Customs Tariff be amended by striking out tariff items 345, 345a, 346, 346a and 346c, and the enumerations of goods and the rates of duty set opposite each of those items, and by inserting therein the following items, enumerations of goods and rates of duty:

Tariff Item	—	British preferential tariff	Most-favoured-nation tariff	General tariff
345	Zinc dross and zinc scrap for remelting, or for processing into zinc dust	Free	Free	10 p.c.
345a	Zinc spelter, zinc, *and zinc alloys containing not more than ten per cent by weight of other metal or metals*, in the form of pigs, slabs, blocks, *dust* or granules.....per pound	¾ ct.	1 ct.	2 cts.
346	Zinc, manufactures of, n.o.p.	15 p.c.	17½ p.c.	25 p.c.
346a	*Zinc, or zinc alloys containing not more than ten per cent by weight of other metal or metals, in the form of foil, ribbon, strip, sheet, plate, discs or slugs; coated or not*	5 p.c.	7½ p.c.	20 p.c.
346b	*Zinc rods;* zinc shapes other than flat-rolled; *zinc strip or sheet, ungrained, whether or not ground, for making offset plates for lithographing;* zinc strip or sheet, not planished, ground or polished, coated on one side with acid-resisting material, to be prepared for use in photo-engraving; *all the foregoing if containing not more than ten per cent by weight of other metal or metals*	Free	Free	10 p.c.

Mr. Benidickson: We have not concluded our discussions on resolution No. 2 relating to zinc and zinc products. In the meantime, I think most hon. members have received a report under the Combines Investigation Act in which it was alleged that there was a conspiracy against the public interest in the matter of the distribution in Canada, having

regard to equitable prices and fairness to all customers, of natural zinc products of this country.

The combines investigator in his report made a very unusual recommendation; he recommended the removal of the Canadian customs import tariff on refined zinc, the metal from which zinc oxide which was the subject of the commercial controversy is produced. This has developed since we last discussed this item, and I wonder if the Minister of Finance has received an appeal from the Minister of Justice, whose officers made this report, and whether or not he would inform the house of the developments which have taken place in the meantime.

Mr. Fleming (Eglinton): Mr. Chairman, the report of the restrictive trade practices commission recently circulated among members concerning the production, distribution and sale of zinc oxide has, I think, no bearing whatever on the changes proposed in resolution No. 2.

So far as the resolution itself is concerned, the significant changes which are recommended here are those on zinc strip and sheet and zinc dust. There is a change also with respect to zinc alloys. However, the report of the restrictive trade practices commission concerned zinc oxide and refined zinc and as to those two products, I might say first, with respect to zinc oxide, this item is dutiable under tariff item 242, which is one of the tariff items included in the chemical reference now before the tariff board for study and report. The chemical items in the customs tariff have been included in that particular reference which has for some time been awaiting a place on the very heavy schedule of the tariff board.

The other commodity was refined zinc, and in that respect the tariff board in its report on zinc and zinc products reported that none of the Canadian fabricators had suggested any change in the tariff applying to zinc in primary forms.

We shall, of course, give consideration to the recommendation of the restrictive trade practices commission that customs duties on refined zinc be removed. It could be that in the course of tariff negotiations such a reduction might prove to be a useful bargaining item.

Mr. Benidickson: Would the minister say what are the present rates on zinc in primary form?

Mr. Fleming (Eglinton): That is item 345a. The hon. member will see the rate in effect at the time of the bringing in of the budget under that item.

Mr. Benidickson: Is my hon. friend saying that the item which the combines investigator thought should not receive protection is in fact at present receiving no protection?

Mr. Fleming (Eglinton): No. My hon. friend will see that the rates have always been ¾ of a cent per pound British preferential and 1 cent per pound most-favoured-nation.

Mr. Benidickson: I was looking at tariff item 345a. I see it is 345a. The imports, I think, are referred to in the tariff board report which brings this item before the committee for discussion today. So far the imports of zinc or zinc products as outlined on page 24 of the tariff board report are of relative insignificance compared with the total production of zinc concentrates and refined zinc into this country.

Mr. Regier: Mr. Chairman, the resolution reads; 'that it is expedient to amend the Customs Tariff—" and so on. There are many phases of this resolution with which we agree; there are other phases to which we take exception, and other members of this group will have some remarks to make on the specific matters that are recommended when the detailed items are up for consideration.

However, in the main, on the principles of the resolution, I can say that the C.C.F. believes that it is essential that we endorse the highest possible level of international trade. Much of the prosperity of our people in Canada depends on a high level of international trade, and this applies with special force to western Canada and I have in mind in particular my own province of British Columbia. The Canadian economy is very vulnerable indeed to any changes in the level of international commodity prices and, therefore, any amendment to the Customs Tariff is of vital concern, especially to the primary producers of this country.

Now, the ideal of the socialist, naturally, is eventual world wide freedom of trade. However, we recognize that the world in which we live today is not an ideal world and that this worthy objective and ideal cannot immediately be obtained; it may not be obtainable in our lifetimes even. Among the present limitations on world wide free trade are the varying standards of living of the workers in different countries of the world, and this has to be recognized. We cannot allow Canadian labour to be forced to compete with the wages that are being paid in many other countries.

There is another handicap which prevents the realization of our ideal of world free

trade in the immediate years ahead, namely that various national policies have helped to establish industries in many countries of the world where such industries ought never to have been set up in the first place. When I think of the heavy burden that many European taxpayers have to pay at the present time in order to subsidize the growing of wheat, for instance, I believe I have an example which is worthy of some consideration. It is obvious that the best place in the world to grow the finest type of wheat for the least money is in our Canadian west, yet for national reasons of their own many countries in the world have over a long period encouraged their people to engage in the production of wheat, though they should be doing something else. Right here in Canada we have had governments which over the years, for reasons valid or otherwise, have encouraged the establishment of a cotton textile industry here, an industry which is not natural to the Canadian scene. And yet we cannot attempt to abolish this industry at this time because hundreds of thousands of Canadians would suffer serious hardship if that attempt were to be made.

What we need in order to obtain freer world trade is the raising of the living standards of the workers of all countries to a point where they are at least as high as the living standards of our own Canadian workers. If we were to do that, many of the goods which are produced abroad would no longer offer any unfair competition to our Canadian workers.

We also need a policy whereby the government, rather than entrenching further those things which ought not to exist on the Canadian scene would, rather, pursue a policy by means of which, if those industries have to be sacrificed, no hardship would be involved by those who are now earning a livelihood in these fields.

One of the most important handicaps to a fair exchange of commodities between the various nations of the world is the handicap of currency, and we need to exert much greater efforts toward making possible a freer exchange of the currencies in existence in the world. I would much rather have seen the government engaged in some vigorous action directed toward making possible a freer exchange of currencies than to be discussing an amendment to the Customs Tariff.

High tariffs, low tariffs, or even free tariffs are not the answer in the world in which we live today. High and low tariffs are a game that the Liberals and Conservatives have played in Canada ever since the time of confederation, and I was hoping that those two parties would have become adult by now and grown out of playing such games. Whether tariffs are high or low, it will not solve our problems; it does not even meet the problem. And free tariffs at the present time are not practicable.

We are afraid—and I think that succeeding speakers are going to voice some of the reasons for our fears—that the tendency in this proposed new measure of the government is toward higher and still higher tariffs, and that in this, as in many other respects, the Conservative government is again repeating the history of the Conservative government we had from 1930 to 1935. The days when the tariff was looked upon as a sort of revenue for the minister of finance ought to be gone. I believe they are gone, even in the mind of the Minister of Finance. He no longer looks on the Customs Tariff as a source of revenue. I believe even he has got round to the point when he considers that the Customs Tariff is an instrument by means of which a government either encourages or discourages certain sections of Canadian enterprise, and that any revenue flowing to the treasury is merely incidental.

The Deputy Chairman: I have been waiting for the hon. member to get back to the second resolution and I find that he has been talking on the principle of customs tariff. We are now discussing resolution No. 2, which refers to certain specific articles. I would ask the hon. member to bring his remarks back to those specific articles.

Mr. Regier: I am sorry. I presume that resolution No. 1 was passed at the time of our national convention and I did not realize that it had carried. However, just to summarize in one sentence what I meant to say, we feel that a new approach is necessary. We advocate that we line ourselves up with the modern, progressive nations of the western world and that we begin to plan as they do and use the instrument of the customs tariff for the welfare of our people and that we establish export and import boards which will regulate customs so as to supply the maximum employment to all Canadians.

The Deputy Chairman: Shall the second resolution carry?

Mr. McIlraith: Did you say the second resolution?

The Deputy Chairman: Resolution No. 2.

Mr. McIlraith: I take it you are dealing with zinc?

Resolution 2 agreed to.

3. Resolved, that schedule A to the *Customs Tariff* be amended by striking out tariff items 355*b*, 377, 377*a*, 377*b*, 377*c*, 377*d*, 377*e*, 377*f*, 378, 379, 380, 381, 382, 383, 384, 385, 385*a*, 386, 387, 387*a*, 387*b*, 387*c*, 388, 388*a*, 388*b*, 388*c*, 388*d*, 388*e*, 388*f*, 388*g*, 389, 392*a*, 395, 395*a* and 438*f*, and the enumerations of goods and the rates of duty set opposite each of those items, and by inserting therein the following items, enumerations of goods and rates of duty:

Tariff Item	—	British preferential tariff	Most-favoured-nation tariff	General tariff
355*b*	Metal alloy strip or tubing—*not being such strip or tubing as accords with the definition of "steel", in paragraph (1) of subsection (1) of section 2 of the Customs Tariff*—containing not less than thirty per cent by weight of nickel and twelve per cent by weight of chromium, for use in Canadian manufactures.....	Free	Free	20 p.c.

The Deputy Chairman: Shall resolution 3 carry?

Mr. Fleming (Eglinton): On resolution 3, as is indicated in the amendments which were placed on *Votes and Proceedings* of July 28, there is an amendment of the first item, namely item 355b. The amendment which appears in *Votes and Proceedings* runs to this effect:

That resolution No. 3 of the budget resolutions relating to the Customs Tariff be amended by deleting therefrom item 355*b* and by substituting therefor the following:

Tariff Item	—	British preferential tariff	Most-favoured-nation tariff	General tariff
355*b*	Metal alloy strip or tubing—not being steel strip or tubing—containing not less than thirty per cent by weight of nickel and twelve per cent by weight of chromium, for use in Canadian manufactures.....	Free	Free	20 p.c.

I shall ask my colleague, the Minister of National Defence, to move this amendment.

Mr. Pearkes: I so move.

The Deputy Chairman: Shall the amendment carry?

Mr. Benidickson: I presume we shall have a general discussion on opening up resolution No. 3. Then, I would like the minister to explain the reason for his amendment of item 355b. Mr. Chairman, this deals with basic iron and steel items which were referred to the tariff board for consideration. They were referred, of course, by the previous administration. Mr. Harris, the then minister of finance, wrote on May 19, 1955 to the tariff board under the act directing them to conduct an inquiry into the subject of the various tariff items that he outlined in his letter, and I should like to quote just the odd excerpt from this letter of Mr. Harris. He said:

I have received representations from Canadian primary iron and steel producers to the effect that the provisions of the Customs Tariff relating to their products have become out of date. They request that these provisions be revised to take account of the expansion that has occurred in the Canadian industry, the changes that have taken place in production techniques, in trade usages, and other developments.

He went on to say in his letter:

I would request the board to prepare a revised schedule of tariff items, with recommendations—

I believe the minister may either request recommendations or simply request a report as to the general situation in the industry. In this case Mr. Harris asked for recommendations as to rates of duty covering primary iron and steel products, and to include a proposed schedule in the report. The then minister of finance said that in preparing its proposed schedule of rates of duty on primary iron and steel products the board should:

I would expect that the board would have regard to the rates now applicable to more highly manufactured products of iron and steel.

In drawing up a revised schedule it is recognized that certain adjustments in margins of preference may be involved. In this regard, however, it is not the intention that there should be any general change in preferential margins and the board should keep in mind the obligations of the GATT in this respect.

The tariff board, carrying out that suggestion, did report to the minister on February 28, 1957. My hon. friend will know the climate and timetable of that time. A budget was due within a very short time afterwards and following that there was a general election, so that the recommendations that we have here are the recommendations of the new administration, having regard to this particular report, reference No. 118 of the tariff board.

Now, I found this extremely interesting. It is a very long report but it is extremely interesting. On pages 4 and 5 of the report the tariff board outlines a summary of the industry's proposals. They show the counterbalance between seekers of tariffs and the reaction of the users of the industry's product. I was very interested to see such strong evidence of public interest, in that they also have a heading "Representations by Non-Steel Interests", the non-steel interests, representing the public which decided to take the initiative to come before the tariff board and express their views, included such people as the interprovincial farm union council of Canada, the British Columbia lumber manufacturers association, the plywood manufacturers association of British Columbia, the British Columbia loggers association, the truck loggers association, the Canadian federation of agriculture, the Canadian association of consumers, the united steelworkers of America, the Canadian pulp and paper association, the air industries and transport association of Canada. This, I think, indicates to all members of the house that tariff changes affect many more than those who are directly concerned in either producing or buying the products that are under review for the purpose of establishing a fair and proper tariff.

This industry is a relatively important one in Canada. I do not want to labour this in the committee but on page 11 of the report I found it interesting to read, and I think other members of the committee will find this interesting, that:

> In 1900, practically no steel industry existed in Canada; production of ingots and direct steel castings in that year amounted to 26,406 tons. In the next 10 years steel-making capacity increased manyfold; by 1910 annual production exceeded 800,000 tons. This was further increased by additional million tons over the next eight years, so that, by the end of world war I, production amounted to 1,873,000. This level of production was not reached again until the years of world war II, when the annual output exceeded 3 million tons.
>
> In the years since world war II, production has expanded each year with the exception of 1954 and in 1955 reached new record levels in excess of 4½ million ingot tons.

The report does not go beyond that but I have inquired and, gratifyingly, I find that production increased since the time of review by the board. I find that on a similar basis production of basic iron and steel, according to the bureau of statistics, amounted in 1956 to 5.3 million tons. In 1957 there was a slight reduction but the figure was still ahead of 1955 when the board was reviewing these matters. Production in 1957 was slightly in excess of 5 million tons although something less than the year before.

At this stage of our consideration of these proposed tariff changes I do not propose to go into great detail as to the reasons for increases in tariff with respect to this important industry, having regard also to the large list of consumers in the country who took a very great interest in the hearings. As between myself and the minister I would prefer, while we are discussing these items at this stage, to have him indicate to me why he has departed in certain instances from the recommendations of the tariff board.

In the first instance I would refer to something that I cannot find in the resolution, a reference to the item that would be encompassed in recommendation No. 10 of the tariff board. I find that they made a recommendation but I cannot see that there is an item, among the 20 or so to which we have to give consideration to, that seems to relate to recommendation No. 10. Perhaps the minister will be so kind as to give me the facts in that regard. The resolution stage is largely an opportunity for fact finding in committee. A day or two subsequently we will then have a bill presented to us based on this resolution and at that time a little wider scope is probably available for discussion of general public interest and conflict of interests. But before we look at the items seriatim I would appreciate it very much if the minister would indicate to me why the tariff board recommendation was departed from in that no change was made relating to recommendation No. 10 when the tariff board recommended a change.

Mr. Fleming (Eglinton): Mr. Chairman, first of all may I say that it is quite erroneous to picture the numerous tariff changes proposed in these various resolutions as some major upward revision in the Canadian tariff.

Mr. Benidickson: I did not say that.

Mr. Fleming (Eglinton): No, another member did. Largely these are revisions that arise out of studies made by the tariff board having regard to the need of modernization of the tariff. A number of the tariff items referred to the board by my predecessor were items that had stood in the tariff for many years in that form and there have

been many changes since in techniques and in the descriptions of articles and commodities of the kind embraced here.

In connection with resolution No. 3 respecting iron and steel, may I point out that there are 113 items in the existing tariff which the board reviewed and some 92 of those items have been boiled down by the board to 38 items by a process of consolidation and revision. In this resolution there are, as we saw in the previous one, some increases and some decreases, but the principal purpose was to modernize the tariff in the light of modern needs.

The hon. member for Kenora-Rainy River asks about the reason for departures from specific recommendations of the tariff board. May I remind the committee that after the tariff board made its recommendations it was necessary for the government, under the provisions of GATT, to initiate negotiations with the United States, it being the principal country in whose favour these items had been bound. In the course of these negotiations it was impossible to expect that we would come out with the recommendations of the board in their entirety. There was some give and some take and these recommendations are in the form in which they now appear following negotiations with the United States under the established procedure.

In some other cases we have received representations, and as a result of our inquiries we found that the situation had changed somewhat from the time the tariff board had made its report. Naturally we reviewed all recommendations and the resolution now before the committee is the result.

My friend asked in particular as to what had been the outcome of recommendation No. 10 of the tariff board. The board recommended that an item be set up providing duty free entry under the British preferential and most-favoured-nation tariffs for strip steel less than four inches in width with rolled or milled edges. A number of representations were received objecting to the provision of duty free entry for this material which is now being slit in Canada. In these circumstances it was not considered appropriate to introduce a statutory duty free rate on this material. Hoop steel used in the manufacture of barrels or kegs is not available in Canada and continued duty free entry for this material has been provided under tariff item 382a by order in council until January 31, 1959. My friend is familiar with that provision of the Customs Act that permits the governor in council to reduce the tariff rates applicable to materials that enter into the manufacture of a product in Canada.

Mr. Benidickson: My hon. friend has referred to something that he suggests exists now, the slitting of this material in Canada. On page 110 of the tariff board report, reference No. 118, the board pointed out that this item was of interest to the cooperage business, people who make barrels and so on. It has been a free item hitherto both from the United Kingdom and from most-favoured-nations under our tariff arrangements. Naturally there is anxiety about the temporary nature of an order in council, particularly when it expires on January 31, 1959. The board said that this is not an item that is produced in Canada to any extent and they felt that the end cooperage user should not be dependent upon an order in council and recommended that a permanent item be put in the tariff which would continue entry on the basis of free; free; 15 per cent.

When there is avoidance of a recommendation by the tariff board, there is apprehension, especially when the minister says simply that they have temporary coverage under an order in council which expires on January 31, 1959. I understand that if that order in council were not renewed instead of the rates for these products for the cooperage industry being free British preference and, most-favoured-nation, free; it would become 10 per cent British preferential and 15 per cent most-favoured-nation.

The Deputy Chairman: Shall the amendment carry?

Amendment agreed to.

The Deputy Chairman: Shall the resolution No. 3 as amended carry?

Mr. Benidickson: I would ask the committee if they would not think that each and every one of the enumerated items must be called. I think that is in accord with past practice. I do not ever recall that these tariff items were dealt with simply in bulk. There are many of them, I want to assure the minister, upon which I have no questions to raise at the moment because, so far as I can see, they are in accord with the recommendations of the tariff board. On the other hand, there are some 20-odd items in which it appears there have been changes from the recommendations made by the tariff board. I think we could not make real progress in the committee unless we called each item by its numeral in the tariff schedule.

The Deputy Chairman: Then, item 355b, as amended:

Customs tariffs 355b Metal alloy strip or tubing—not being such strip or tubing as accords with the definition of "steel", in paragraph (1) of subsection (1) of section 2 of the Customs Tariff—containing not less than thirty per cent by weight of nickel and twelve per cent by weight of chromium,

for use in Canadian manufactures; British preferential tariff, free; most-favoured-nation tariff, free; general tariff, 20 per cent.

Mr. Fleming (Eglinton): My hon. friend asked for an explanation of this amendment. There is no change in substance between the item as now proposed and that proposed at the time of the budget. The only change is that the wording between the two dashes has been simplified. The item is being amended to make it clear that strip or tubing which contains more than 50 per cent iron is to be classified as steel strip or tubing and not under this item as an alloy.

Item agreed to.

Items 377 and 377a agreed to.

378. Iron or steel, semi-finished, namely: blooms, slabs, billets or sheet bars: British preferential tariff, free; most-favoured-nation tariff, five per cent; general tariff, ten per cent.

Mr. Benidickson: This item is not in accord with the recommendations of the tariff board. I think the pertinent recommendation is No. 3 in their report No. 118. I wondered if the minister would give us some explanation. Hon. members will notice with respect to item No. 378, that now the British preferential tariff is changed. I think our chief concern is with respect to the most-favoured-nation tariff. The tariff board recommended that the most-favoured-nation rate be $3 per ton. The administration has seen fit to change that to five per cent. I think hon. members will easily recognize that this could have a very important consequence, according to the value of the product that was being imported. I believe that it would involve a substantial increase in tariff on any item imported of this kind if the value were over $60 a ton. Can the minister explain why he did not see fit to accept the recommendation of the tariff board in this respect?

Mr. Fleming (Eglinton): Item 378 covers semi-finished steel in several forms. Formerly, this product came in under various tariff items, and the rates proposed, on balance, probably mean some increase in the margin of preference. The tariff board recommended two divisions of this item, one covering semi-finished steel for pressing or rolling into bars, with a British preferential rate of free and a most-favoured-nation rate of $3 per ton. The other division was for processing, other than into bars, with a British preferential rate free and a most-favoured-nation rate of five per cent.

It was not considered that the operation of processing into bars warranted setting up a special end use item, and consequently a single item, No. 378, is proposed, covering semi-finished steel regardless of the end use, with a British preferential rate of free and the most-favoured-nation rate of five per cent.

[The Deputy Chairman.]

Mr. Benidickson: I am asking about the technique of this thing. I do not imagine the minister, any more than myself, is very well acquainted with the actual manufacturing processes involved here. But the tariff board considers all these matters, hears all parties interested, the producer, purchaser and the fellow in the middle. After many days of laborious hearings they produce a report that goes to 315 pages. Generally speaking, I believe we have confidence in the tariff board of this country. They suggested that a rate of $3 per ton, regardless of the value of the product and having regard to the quantity of imports, would be adequate and fair to all concerned. Now what happens? Who advised the minister that they know better and he should not adopt this report of the tariff board?

Mr. Fleming (Eglinton): My hon. friend, from his experience in the Department of Finance, knows how these matters are processed from the time they are before the tariff board until the time they reach the house. Earlier I outlined the factors which accounted for the changes between the form of the tariff board recommendation and the form of the resolution now before the committee. It is well to bear in mind that the tariff board report on iron and steel was signed on February 28, 1957. It is a year and a half old now.

When the recommendations of the tariff board came in they were submitted to study and to negotiation. As I have indicated to the committee already, the differences between the recommendations of the tariff board and the resolution in its present form may be attributed to one or more of three factors: First, the process of negotiation with the United States; second, changes in the situations regarding the manufacture and supply, and then representations. In this particular case, as in others, the difference between the tariff board report and what appears in the resolution is the product of one or more of these various factors that I have mentioned. It is not just a matter of somebody in the department having an idea that he has something better to recommend than the tariff board. There are representations being made to the department all the time, as my hon. friend well knows, and when the report of the tariff board on this matter as well as on others was made known there were brought to the attention of the department representations and changes in conditions which had occurred since the tariff board was taking evidence on these matters.

There have been many situations, we have found, in which there have been changes in manufacturing, changes in supply and in Canadian needs with regard to many of these items. We have so many items that are embraced within the scope of these particular tariff board references, most of which were directed by my predecessor, that since the reports were issued we have received a great number of representations drawing to the attention of the department that there have been changes since. There are a great many changes going on in the technique of manufacturing and in regard to the development of Canadian supply to meet Canadian needs.

Mr. Benidickson: It seems to me a great deal of flexibility has been introduced into this item that might involve a very radical change in the tariff impost. I indicated that if the value of the product was about $60 a ton, it made no difference. I am told that under this item one might import a fair amount of specialty steel which I do not think is manufactured in any direct way in Canada. But if the specialty steel was valued at several hundreds of dollars per ton and the rate per ton instead of being $3 became 5 per cent, my hon. friend can realize that the change in the duty from the recommendations of the tariff board is substantial indeed.

Mr. Fleming (Eglinton): With respect, Mr. Chairman, may I say that I think my hon. friend is mistaken in saying that this is a drastic change or anything approaching a drastic change. Actually this is a very minor change for all that it does is to achieve a minor simplification. There are Canadian sources of supply in this field, I may assure my hon. friend, that perhaps he was not aware of and that others were not aware of previously. This is a minor change.

Mr. Benidickson: Could my hon. friend indicate the sources of supply for specialty steel that might be valued at several hundreds of dollars a ton?

Mr. Fleming (Eglinton): I do not think I want to mention specific firms, Mr. Chairman; but I shall be glad to indicate to my hon. friend privately these Canadian available sources.

Mr. Pearson: May I ask the minister whether it is a fact that where changes have been made in the items under this resolution from the recommendations that came to the minister from the tariff board, those changes have been upwards in the sense of more protection?

Mr. Benidickson: On the steel item.

Mr. Pearson: Yes, on the steel item. If that is the case, surely one factor which the minister gave as bearing on the desirability of change, namely the process of negotiation with the United States, would not operate.

Mr. Fleming (Eglinton): My hon. friend is quite mistaken. There are nine changes. Five of them are downward changes and only four of them are upward changes. I therefore suggest, with respect, that my hon. friend is quite mistaken in saying that the broad effect of these changes is to increase the tariff.

Mr. Benidickson: Just on that point may I say this. This matter is extremely complicated to those of us who have been out of touch with it for some time; and even when I had the good assistants whom the hon. gentleman has in front of him at the moment. I confess I always found it extremely baffling. The minister has indicated that there were nine departures from tariff board recommendations. Can he, with reference to the enumerated items that we have in front of us, say which ones are departures from the tariff board recommendations that involve increases and which ones involve decreases?

Mr. Fleming (Eglinton): The four increases are 378, 380, 381a, 382(5); the five decreases are 380a, 382(7), 384, 392a (2)—

Mr. Benidickson: My hon. friend and I are not talking about the same thing. I started off by indicating to him that at this stage my concern was to establish in committee reasons for departure from tariff board recommendations. I quite admit that with respect to 378a there is an increase as proposed by the minister when one compares that with the recommendation of the tariff board.

Mr. Fleming (Eglinton): There is no 378a.

Mr. Benidickson: I mean item 378. But when my hon. friend starts to give the reductions in tariff, they are reductions that were recommended by the tariff board.

Mr. Fleming (Eglinton): No. My hon. friend is quite mistaken. I am speaking about reductions that have been introduced in this resolution as compared with recommendations of the tariff board.

Mr. Benidickson: Just in order to put me on the track here, let us look at item 381 which the minister instances as a reduction from what was recommended by the tariff board. Where does that come in? My quick checking indicates that the resolution was in accord with what the tariff board recommended.

Mr. Fleming (Eglinton): I suppose we can jump around in this way, Mr. Chairman;

but I thought my hon. friend was asking that we take these items individually.

Mr. Benidickson: That is quite right. But we had a broad statement that there were five reductions and four increases. I just wanted to make sure that my hon. friend and I are not comparing oranges with grapefruit.

Mr. Fleming (Eglinton): Would it not be better to deal with these items as we come to them. I gave the numbers of each of those items. Would it not simplify the procedure if we dealt with each of these items when we come to them?

Mr. McIlraith: The point can be cleared up. There was a little bit of confusion as to the numbers which the minister was calling out at this point. He was interrupted and he turned to clarify the numbers. If he would again just clarify the numbers that were reductions and the numbers that were increases I think we could dispose of the point.

Mr. Fleming (Eglinton): I gave the correct numbers, Mr. Chairman. I will go over them again.

Mr. McIlraith: I would ask the minister to do that.

Mr. Fleming (Eglinton): The increases are in items 378, 380,—there are two parts there; just take it as 380—381a, 382 (5). Those are the four increases. The five decreases are these: 380, 380a, 382 (7), 384, and 392a (2).

Mr. Benidickson: And which would not show on our papers?

Mr. Fleming (Eglinton): That is right.

Item agreed to.

Items 379, 379a, 379b and 379c agreed to.

Customs tariff	—	British preferential tariff	Most-favoured-Nation tariff	General tariff
380	*Shapes or sections of iron or steel, not further manufactured than hot- or cold-rolled:*			
	(1) Angles, beams, channels, tees, zees, or other shapes or sections, n.o.p.	5 p.c.	10 p.c.	20 p.c.
	(2) Wide-flange beams more than ten inches but not more than eighteen inches in depth; when not made in Canada.....per ton	Free	$5.00	$20.00
	(3) Angles more than six inches in length of either leg; beams, including wide-flange beams, more than eighteen inches in depth; channels more than fifteen inches in depth; zees more than six inches in depth of any leg: all the foregoing when not made in Canada....	Free	Free	10 p.c.
	(4) Sash, casement or frame sections of iron or steel, hot- or cold-rolled, coated or not, not punched, drilled nor further manufactured, and similar material formed from hot- or cold-rolled iron or steel strip, coated or not, when imported by manufacturers of metal window sash, casements or frames for use in the manufacture of such articles, in their own factories .....per ton	Free	$7.00	$7.00

Mr. Benidickson: This is an item where my hon. friend says there is a decrease from the recommendations of the tariff board.

Mr. Pearson: An increase.

Mr. Fleming (Eglinton): Item 380 is one where there were both an increase and a decrease.

Mr. Benidickson: Yes, that is how I understand it. Would the minister explain that? Would he give us the rates recommended by the board and compare them with the rates proposed in this resolution?

Mr. Fleming (Eglinton): The tariff board recommended in their item No. 4b that all wide-flange beams more than 10 inches in depth be duty free under the British preferential tariff and dutiable at $5 per ton under the most-favoured-nation tariff.

Tariff items 380 (2) and 380 (3) differ from the tariff board recommendations in the following respects: First, wide-flange beams more than 18 inches in depth will be free of duty under the most-favoured-nation tariff as long as they are not made in Canada, instead of being dutiable at $5 per ton. That is the decrease.

Second, wide-flange beams more than 10 inches in depth, when they are made in Canada, will be dutiable along with other such structural steels at the British preferential 5 per cent and the most-favoured-nation 10 per cent instead of being duty free under the British preferential tariff and dutiable at $5 per ton under the most-favoured-nation tariff as recommended by the board. That is the increase.

Mr. Benidickson: In other words, the place where we find the change is in the wording of 4b. The resolution itself says "when not made in Canada" and that distinction was not in recommendation No. 4b of the tariff board.

Mr. Fleming (Eglinton): That is correct.

Item agreed to.

Items 380a and 381 agreed to.

Customs tariff—381a. Plate of iron or steel, flanged or dished: British preferential tariff, 5 per cent; most-favoured-nation tariff, 20 per cent; general tariff, 30 per cent.

Mr. Benidickson: I would like to ask the minister to explain his reasons for departing from the board's recommendation in this respect. From reading the tariff board report I gained the impression that the average value on the product with which we are concerned here is a value of approximately $200 per ton. The board made a tariff import recommendation much below what the duty would be under the proposal of the minister and I wonder if he would give us an explanation.

Mr. Fleming (Eglinton): The tariff board recommended in their item 6b the rates of $5 per ton British preferential and $8 per ton most-favoured-nation. The rates formerly in effect were: British preferential 5 per cent and most-favoured-nation 22½ per cent.

Following the publication of the tariff board report the government received strong representations from Canadian producers of flanged or dished steel plate, objecting to the tariff board recommendations. They pointed out that the effect of the tariff board recommendations would be that their raw material, namely steel plate, would be dutiable at 10 per cent under the most-favoured-nation tariff, whereas the duty on their finished product at $8 per ton would be substantially less than the 10 per cent. Since the most-favoured-nation duty on steel plate is being reduced by 2½ per cent it was considered that a similar reduction in the duty on flanged or dished steel plate would be appropriate and consequently the most-favoured-nation rate of 20 per cent is proposed. The British preferential rate of 5 per cent formerly in effect remains unchanged.

Mr. Benidickson: Just assuming that the value of this product is $200 per ton, one can readily see that a 20 per cent tariff, in so far as the most-favoured-nation rate is concerned, amounts to $40 per ton, and under the proposal of the tariff board the rate would have been $8 per ton. There is therefore a very substantial increase in the cost to the purchaser. The reference behind the recommendation No. 6b is to be found at page 107 of the report, where the tariff board, after looking at the situation said:

Plates of iron or steel, flanged or dished, per ton, $5, $8, $15. This recommended sub-item is intended to replace that portion of existing item 380(c) dealing with flanged or dished plate. These forms of steel are not produced in Canada by basic steel producers and normally must be imported by steel fabricators, particularly in the larger sizes, for incorporation into pressure vessels etc. The recommended rates of duty would permit the importation of these important components for pressure vessels at rates considerably reduced from those at present in effect.

I just cannot reconcile that with the explanation of the minister concerning the Canadian product.

Mr. Fleming (Eglinton): I would remind my hon. friend that the report of the tariff board was signed on February 28, 1957.

Mr. Benidickon: Just a year ago, or a little over.

Mr. Fleming (Eglinton): It is a year and a half ago, and we received these representations from Canadian producers which brought to our notice some information additional to that contained in the report of the board.

I also point out that what is involved here is a reduction in the present tariff rate. While the British preferential rate remains unchanged, nevertheless there is a reduction of 2½ per cent in the most-favoured-nation rate, and I am told that this means $5 per ton, approximately.

I can tell my hon. friend that if any situation arises—and he is familiar with the way in which these situations do arise in connection with procedures in the department—where it is found that there is some material which is not available in Canada and that some Canadian processor is faced with a tariff on his material, we will be glad to look into such a situation and if warranted arrange a temporary reduction. However, we are satisfied that these products are available in Canada and that the proposed reduction is fair and realistic.

Mr. Benidickson: Mr. Chairman, we have here a forthright statement by the tariff board that after investigation, which of course applied to the time at which they submitted their report, they found that these forms of steel were not produced in Canada by basic steel producers.

I am quite familiar with the kind of information which the minister has in front of him. When I was on the official side I had the privilege of receiving memos and summaries with respect to situations of this kind from some officers of the departments. I think some of the same officers were in fact in office at the time when I was assistant to the minister of finance, and in those notes an indication was always given as to who were the Canadian producers. This information is also invariably given to us in the tariff board reports, so I do not see why there should be any secrecy on the part of the minister and why he should not say that in the last 18 months, for instance, so-and-so and so-and-so became producers of these products and thus need extra protection. I would have been prepared to have given such information from the notes that were provided me in the days gone by.

Mr. Fleming (Eglinton): Mr. Chairman, the information has come to us from a number of Canadian producers; it is not a matter of one or two, and I can also tell the hon. gentleman, with all respect to the tariff board, that we are satisfied that the information upon which the tariff board based the finding which he read was certainly not as complete or as up to date as the information which has been made available to the department in the interval.

Item agreed to.

Item 381b agreed to.

Customs Tariff	—	British preferential tariff	Most-favoured-Nation tariff	general tariff
382	Sheet or strip of iron or steel, *corrugated or not, and whether or not with rolled surface pattern:*			
	(1) Hot-rolled	5 p.c.	10 p.c.	20 p.c.
	(2) Cold-rolled or cold-drawn	5 p.c.	15 p.c.	25 p.c.
	(3) Coated with tin or vitreous enamel	10 p.c.	15 p.c.	25 p.c.
	(4) Coated with zinc	7½ p.c.	15 p.c.	25 p.c.
	(5) Coated, n.o.p.	7½ p.c.	15 p.c.	20 p.c.
	(6) Hot- or cold-rolled, when imported by manufacturers of butts and hinges for use in the manufacture of butts and hinges, in their own factories	Free	7½ p.c.	10 p.c.
	(7) Cold-rolled, with silicon content of 0.075 per cent or more, when imported by manufacturers of electrical apparatus or of parts therefor, for use in the manufacture of electrical apparatus or of parts therefor, in their own factories	5 p.c.	12½ p.c.	25 p.c.

Mr. McIlraith: I wonder whether the minister would consider having this item stand over, with the pipes and tubes item. I think that would expedite matters.

Mr. Fleming (Eglinton): I think the hon. gentleman misunderstands. You have called item 382, paragraph 4, Mr. Chairman.

Mr. McIlraith: Oh, I see, I was thinking of item 384.

The Chairman: Item 382 (5).

Mr. Benidickson: Here again is a departure from the recommendation of the tariff board and, indeed, it is rather a substantial increase with respect to British preference. As I remember it, the tariff board recommended that this particular item, so far as Great Britain is concerned, should be imported free, and notwithstanding the forthcoming commonwealth trade negotiations the administration has seen fit to suggest 7½ per cent. I wonder if the minister would give us some explanation.

Mr. Fleming (Eglinton): This item relates to coated sheets not otherwise provided. On this product the tariff board recommended a British preferential rate of free, and a most-favoured-nation rate of 10 per cent. These proposed rates are significantly lower than the rates recommended by the tariff board for the other coated sheet. Experience has shown that it is not wise to have the basket item, that is to say the n.o.p. item carry

lower rates than the other items covering similar materials and, consequently, the rates proposed here are British preferential, 7½ per cent and most-favoured-nation, 15 per cent, which are the same as the rates recommended by the tariff board for galvanized or zinc coated sheets, and the same as the most-favoured-nation rate recommended by the board for tinplate or sheet coated with vitreous enamel, and 2½ per cent less than the British preferential rate recommended by the board for these two coated products.

Mr. McIlraith: Following that reason, why is the general tariff item lower.

Mr. Fleming (Eglinton): For this purpose, the general tariff rate has very little significance.

Mr. McIlraith: I thank the minister for a frank answer to that question.

Mr. Pearson: The minister has said that experience has shown in the department that it should be done this way, but I take it that the same experience is available to the tariff board, who decided it could not be done.

Mr. Fleming (Eglinton): Again, the tariff board, when it conducted its hearings in 1956 proceeded on the evidence before it and the basis of the studies made at that time. Those hearings were carried on in 1956, the report was made ready early in 1957, and it was signed at the end of February. This is now a year and a half ago.

I can tell the Leader of the Opposition also that I have been impressed with the wide range of items which have, naturally, demanded attention in the light of the numerous reports of the tariff board with which I have had to deal during the time I have held this office, as well as the number of changes which are taking place in Canadian industry, with more Canadian sources of supply becoming available.

Mr. Pearson: I may be wrong, but I gather from the minister that he was dealing with a principle in his explanation of this matter, the principle being that as indicated by experience a basket item, as I think he called it, of this type should not be at a rate lower than other items in the same category, and that because of this experience they had taken a certain action with regard to the recommendation of the tariff board. The question I asked was: did the tariff board not have the same experience, and yet it did not bring them to the same conclusion.

Mr. Benidickson: There is another item which arouses my curiosity with regard to this particular matter. I am looking at page 137 of the tariff board's report. I am quite sure there is a good explanation for this, but I recall that when I was trying to pilot legislation of this type through the committee I invariably referred hon. members to the three columns on the left, which were the proposed rates, and the three columns on the right, which were the former rates or the operative rates at the moment. The minister will note here that it is suggested that until this is made effective the most-favoured-nation tariff rate was 12½ per cent. But on page 137, with respect to item 383 of the existing tariff schedule the tariff board report says this:

> The most-favoured-nation rate was reduced to 10 per cent in 1948 under GATT.

Is that arrangement still in effect and if so why would we not see 10 per cent rather than 12 per cent on the righthand side of that page?

Mr. Fleming (Eglinton): I think it is just a matter of numbering. The rate figures which the hon. gentleman sees here, 5 per cent, 12½ per cent and 15 per cent as the rates in effect prior to this budget are the rates that were in existence under item 383(e). He will find that at page 138 of the report of the tariff board. They quote 383(e):

> Sheets, plates, hoop, band or strip, of iron or steel:
>
> (e) Coated with paint, tar, asphaltum or otherwise coated, n.o.p.

B.P.	M.F.N.	General
5%	12½%	15%

Mr. Benidickson: On this item this is what the tariff board had to say:

> The recommended rates for this item are very similar to those proposed for uncoated sheet and strip. The reason for this relationship is that such coatings—as paint—as are applied in Canada do not advance the metal greatly beyond the rolling stage. On the other hand, many of the other more complicated coatings are not applied in Canada and the product must be imported. There are, therefore, sound reasons for not recommending rates greater than those applying to hot- or cold-rolled steel.

Mr. Fleming (Eglinton): I say again that as to any particular situations, if there is a situation where a Canadian manufacturer cannot obtain in Canada a material, that is mentioned here, for use in the production of his product, then we will certainly be glad to give consideration to any such situation and deal with it on the usual temporary basis for production in Canada.

Mr. Benidickson: Perhaps; but he went to his government board, which was the tariff board, and probably spent a fair amount of money to make his case. I think this involves, does it not, some stove manufacturers who did not want an increase in the cost of their product, but it is this alteration from a report of a board before which they have appeared, and sometimes I imagine there are

certain compromises in a hearing of that kind, and businessmen go away thinking that they have made the best bargain possible and then they find that the tariff board recommendations are not accepted and altered here on budget night to their surprise and chagrin.

Item 382(7) is another of those items. A former item involved an increase from recommended free to 7½ per cent under the British preferential for whom my hon. friend is always very vocal in saying that he wants to increase trade. This is another item where the tariff board felt that when coming from Britain it should be imported free. Notwithstanding the commonwealth conference, my hon. friend has seen fit to recommend that the tariff be 5 per cent. I wonder whether we can hear something about this?

Mr. Fleming (Eglinton): Mr. Chairman, my hon. friend may not be aware that under the tariff board report, had it been implemented, this item would have come in under sub item 2 of item 382 as cold-rolled sheet and at a higher rate than is proposed under 382(7), under most-favoured-nation tariff.

Mr. Benidickson: Was the old item under 385c?

Mr. Fleming (Eglinton): The old item was 386p.

Mr. Pearson: My information is that the item under which the recommendation was made by the tariff board was 7(g), as appears on page 97 of their report, and reads as follows:

> Hot- or cold-rolled, not more than .025 inch in thickness, containing not less than 2.90 per cent of silicon, coated or not, for use in the manufacture of electrical apparatus or parts therefor.

Under that particular item as enumerated there would have been no duty on British imports.

Mr. Fleming (Eglinton): I am sorry, but I am afraid the hon. gentleman has erred there. He is talking about something different; it is a different item.

Mr. Benidickson: Is this not recommendation 7(g) of the tariff board?

Mr. Pearson: At page 97.

Mr. Fleming (Eglinton): No, it is not.

Mr. Benidickson: It is not in the present wording but is it not the same type of thing? It is goods for making electrical apparatus; it is very expensive, many hundreds of dollars a ton.

Mr. Pearson: Mr. Chairman, may I read the recommendation of the tariff board in this matter? It is on page 97, under section 7(g) and it reads as follows:

> Hot- or cold-rolled, not more than .025 inch in thickness, containing not less than 2.90 per cent of silicon, coated or not, for use in the manufacture of electrical apparatus or parts therefor.

Does this particular recommendation not correspond to the one we are now discussing, and is it not true that under that recommendation British imports would have been free?

Mr. Fleming (Eglinton): The answer is that it does not correspond.

Mr. McIlraith: I do not quite understand why the word "free" is printed under "British preferential tariff" in the resolution as existing.

Mr. Fleming (Eglinton): Because it used to be 386p, which was free under British preferential.

Mr. Benidickson: Surely, under this item, 382(7) we are dealing with the tariff board reference on page 145 of the report. They said this:

> It is doubtful that there is much Canadian production in the high-silicon range covered by the item.

Has that situation changed?

Mr. Fleming (Eglinton): Mr. Chairman, it is perhaps quite a natural thing that there should be a misapprehension here, since this is a little complicated, but I draw attention of hon. members to the fact that the tariff board, at the bottom of page 97 of its report, in recommending the item that was read by the Leader of the Opposition, has recommended it in "g" with respect to:

> Hot- or cold-rolled, not more than .025 inch in thickness, containing not less than 2.90 per cent of silicon,—

I am told this is a very different product from hot- or cold-rolled with silicon content of .075 per cent.

Mr. Benidickson: But my hon. friend and his predecessor were seeking simplification in the number of items in the tariff schedule and for that reason the board recommended that all such items could be included in their recommendation 7(g).

Item agreed to.

Items 383 and 383a agreed to.

> Customs tariff—384: Skelp, plate, sheet or strip of iron or steel, hot- or cold-rolled, when imported by manufacturers of pipes or tubes, for use in the manufacture of pipes or tubes: British preferential tariff, free; most-favoured-nation tariff, 7½ per cent; general tariff, 15 per cent.

Mr. McMillan: This is an item which relates to items 397 and 399. I am wondering whether the minister would give consid-

eration to standing item 384 over to be considered at the time we are considering items 397 and 399?

Mr. Fleming (Eglinton): Mr. Chairman, this question was asked by the hon. member for Ottawa West. Frankly, I do not see the point. I wish to be reasonable about this. We have to deal with this item on skelp at some point, and it is part of resolution No. 3 on iron and steel products.

Mr. McIlraith: Mr. Chairman, may we dispose of the point before five o'clock. The suggestion is made to prevent duplication. The item must inevitably be referred to in the discussion of the items having to do with pipes and tubes and if we discuss this item now we must discuss pipes and tubes, and then discuss them again when we come to the item on pipes and tubes. I think we can eliminate that duplication of discussion by having the full discussion on pipes and tubes.

The Deputy Chairman: Order. It being five o'clock, it is my duty, pursuant to standing order 15, to leave the chair in order to allow the house to proceed to the consideration of private and public bills.

Progress reported.

Mr. Speaker: Order. It being five o'clock the house will now proceed to the consideration of private and public bills, the former having precedence, pursuant to standing order 15 (3).

PRIVATE BILLS

Mr. Speaker: Before the assistant clerk reads the first order, I have been informed that the house will consider giving consent to dealing with some of the items on the order paper which can be handled expeditiously before dealing with other items that may be contentious. If that is the case, may I suggest that we proceed with the second readings of divorce bills. As hon. members will note, there are four series of second readings of divorce bills on the order paper. Is the house agreed that we proceed with these second readings?

Some hon. Members: Agreed.

SECOND READINGS—SENATE BILLS

Mr. R. J. McCleave (Halifax) moved that the following bills be read the second time:

Bill No. SD-219, for the relief of James Nelson LeBlond.—Mr. McCleave.

Bill No. SD-220, for the relief of Louise Auger Lecavalier.—Mr. McCleave.

Bill No. SD-221, for the relief of Marie Noella Therese Legault Lebel.—Mr. McCleave.

Private Bills—Divorce

Bill No. SD-222, for the relief of Muriel Marguerite Elizabeth Ada Brant Yeaman.—Mr. McCleave.

Bill No. SD-223, for the relief of Marie Becherbleith Reicher.—Mr. McCleave.

Bill No. SD-224, for the relief of John Charles Underhill.—Mr. McCleave.

Bill No. SD-225, for the relief of Patricia Wirth Usher.—Mr. McCleave.

Bill No. SD-226, for the relief of Jean Audrey Vickers Mastro.—Mr. McCleave.

Bill No. SD-227, for the relief of Mary Rebecca Lafontaine Johnson.—Mr. McCleave.

Bill No. SD-228, for the relief of Jetti Edelstein Popowski.—Mr. McCleave.

Bill No. SD-229, for the relief of Jean Philippon.—Mr. McCleave.

Bill No. SD-230, for the relief of Sidney Schwartz.—Mr. McCleave.

Bill No. SD-231, for the relief of Kenneth Herbert Gregory.—Mr. McCleave.

Bill No. SD-232, for the relief of Barbara Crawford Bucci.—Mr. McCleave.

Bill No. SD-233, for the relief of Holger Madsen.—Mr. McCleave.

Bill No. SD-234, for the relief of Miriam Astrof Hymovitch.—Mr. McCleave.

Bill No. SD-235, for the relief of Margaret Welsh Clark Gray Perego.—Mr. McCleave.

Bill No. SD-236, for the relief of Eunice Joyce Stone Berwick—Mr. McCleave.

Bill No. SD-237, for the relief of Rita Elizabeth Edwards Bryant.—Mr. McCleave.

Bill No. SD-238, for the relief of Mary Farrelly Crane.—Mr. McCleave.

Bill No. SD-239, for the relief of Margaret Eileen McKenzie Beauchemin.—Mr. McCleave.

Bill No. SD-240, for the relief of Jeanette Josephine Cools Cox.—Mr. McCleave.

Bill No. SD-241, for the relief of Geraldine Marilyn Woods Spencer.—Mr. McCleave.

Bill No. SD-242, for the relief of Mariette Giselle Denise Pesant Forget.—Mr. McCleave.

Bill No. SD-243, for the relief of Joy Diedre Shelley New.—Mr. McCleave.

Bill No. SD-244, for the relief of Muriel Ethel Serchuk Rutenberg.—Mr. McCleave.

Bill No. SD-245, for the relief of Deborah Barash Dindzik, junior.—Mr. McCleave.

Bill No. SD-246, for the relief of Gladys Elsa Hannah Birnbaum Aston.—Mr. McCleave.

Bill No. SD-247, for the relief of Barbara Janet Dillane Barr.—Mr. McCleave.

Bill No. SD-248, for the relief of Giulietta Marcogliese Iacurto.—Mr. McCleave.

Private Bills

Bill No. SD-249, for the relief of Herbert Budd, junior.—Mr. McCleave.

Bill No. SD-250, for the relief of Dorothy Mary Shrimpton Legault.—Mr. McCleave.

Bill No. SD-251, for the relief of Maria Giusseppa Di Nunno.—Mr. McCleave.

Bill No. SD-252, for the relief of Marie Jacqueline Fernande Belisle Wechselberger.—Mr. McCleave.

Bill No. SD-253, for the relief of Simonne Fournier Bergeron.—Mr. McCleave.

Bill No. SD-254, for the relief of Cecily Anne Maud Carter Bernard.—Mr. McCleave.

Bill No. SD-255, for the relief of Marie Henriette Andree Massue Prevost.—Mr. McCleave.

Bill No. SD-256, for the relief of Lovell Orville Woodard.—Mr. McCleave.

Bill No. SD-257, for the relief of Joseph Wing.—Mr. McCleave.

Bill No. SD-258, for the relief of Adrienne Menard Huot.—Mr. McCleave.

Bill No. SD-259, for the relief of Hilda Jamesie Hatfield Carter.—Mr. McCleave.

Bill No. SD-260, for the relief of Evelyn Mae Wood Snell.—Mr. McCleave.

Bill No. SD-261, for the relief of Robert Smith.—Mr. McCleave.

Bill No. SD-262, for the relief of Ethel Fisk Gwynne-Davies.—Mr. McCleave.

Bill No. SD-263, for the relief of Marie Reine Drouin Milliard.—Mr. McCleave.

Bill No. SD-264, for the relief of Joseph Leonidas Albert Paradis.—Mr. McCleave.

Bill No. SD-265, for the relief of Hyman Wexler.—Mr. McCleave.

Bill No. SD-266, for the relief of Natasha Harpf Crayter.—Mr. McCleave.

Bill No. 267, for the relief of Martha Ratelle Holtken.—Mr. McCleave.

Bill No. SD-268, for the relief of Shirley Bertha Marietta Birrell Wilson.—Mr. McCleave.

Bill No. SD-269, for the relief of Norma Elizabeth Gammie Costigan.—Mr. McCleave.

Bill No. SD-270, for the relief of Merita Helen Gertrude Alarie Russell.—Mr. McCleave.

Bill No. SD-271, for the relief of Sydney Clarence Walker.—Mr. McCleave.

Bill No. SD-272, for the relief of Barbara Anne Young McFadden Pallett.—Mr. McCleave.

Bill No. SD-273, for the relief of Jean Mercidus Cecilia Steel MacDonald.—Mr. McCleave.

Bill No. SD-274, for the relief of Arthur Thomas Hazell.—Mr. McCleave.

Bill No. SD-275, for the relief of Joseph Ovila Maurice Valentyne.—Mr. McCleave.

Bill No. SD-276, for the relief of Iris Olive West Dion.—Mr. McCleave.

Bill No. SD-277, for the relief of Margaret Cox Lafortune.—Mr. McCleave.

Bill No. SD-278, for the relief of Gertrude Falkenstein Garfield.—Mr. McCleave.

Bill No. SD-279, for the relief of Gweneth Vera Payne Smith.—Mr. McCleave.

Bill No. SD-280, for the relief of Angela Bertha May Cohen Weinstein.—Mr. McCleave.

Bill No. SD-281, for the relief of Raymond Leslie Larocque.—Mr. McCleave.

Bill No. SD-282, for the relief of Rosanne Dolimont Ruelokke.—Mr. McCleave.

Bill No. SD-283, for the relief of Jeannette Hatsedakis Haeck.—Mr. McCleave.

Bill No. SD-284, for the relief of Natan Grunstein.—Mr. McCleave.

Bill No. SD-285, for the relief of Gordon Kent Lambert.—Mr. McCleave.

Bill No. SD-286, for the relief of Catherine Doris Dooley Bantey.—Mr. McCleave.

Bill No. SD-287, for the relief of Monica Frances Fleice Bottomley.—Mr. McCleave.

Bill No. SD-288, for the relief of Fritz Drechsler.—Mr. McCleave.

Bill No. SD-289, for the relief of Robena Sarah Florence Worrell Day.—Mr. McCleave.

Bill No. SD-290, for the relief of Hedwig Papp Witwitzki.—Mr. McCleave.

Bill No. SD-291, for the relief of Gerald Leonard Pilcher.—Mr. McCleave.

Bill No. SD-292, for the relief of Mary Madeleine Dorothy Butler Meaney.—Mr. McCleave.

Bill No. SD-293, for the relief of John Shaw Macneill Carson.—Mr. McCleave.

Bill No. SD-294, for the relief of Libusa Franic Kotow.—Mr. McCleave.

Bill No. SD-295, for the relief of Sheila Estelle Rosenstone Lane.—Mr. McCleave.

Bill No. SD-296, for the relief of Renald Leroux.—Mr. McCleave.

Bill No. SD-297, for the relief of Pierrette Beauregard Ifould.—Mr. McCleave.

Bill No. SD-298, for the relief of Marion Brooks McConnell Bienvenue.—Mr. McCleave.

CANADIAN WOMEN'S PRESS CLUB

Miss Margaret Aitken (York-Humber) moved the second reading of Bill No. S-8, to incorporate Canadian women's press club.

Mr. Martin (Essex East): Have we had an explanation of the bill? I am sure the house would be very anxious to hear the hon. and charming lady.

Miss Aitken: Mr. Speaker, the purpose of the bill is just as the preamble states, to incorporate the Canadian women's press club so as to give statutory recognition to something that has been in existence for 54 years. The Canadian women's press club was formed in 1904. I think there were 14 members originally and there are now 600 with 15 branches across Canada. They simply want parliament to allow them to incorporate.

Mr. Martin (Essex East): Of course I know the answer to this question but others may want to know if there are any male members of this organization.

Miss Aitken: No, there are not.

Motion agreed to, bill read the second time and referred to the standing committee on miscellaneous private bills.

WILLIAM HARRISON TERRY

Mr. Speaker: The third item mentioned to me is the last item under the heading of private bills, order No. 124, consideration of Bill No. SD-199, an act for the relief of William Harrison Terry. Has the hon. member for Winnipeg South leave to move a motion?

Some hon. Members: Agreed.

Mr. Peters: Mr. Speaker, before we give agreement I should like to ask if this bill is being sent back to the committee with instructions to hear further evidence in this particular case.

Mr. Chown: The motion I have worded is explanatory in that respect. I move, seconded by the hon. member for Vancouver-Kingsway (Mr. Browe):

That Bill No. SD-199 entitled "an act for the relief of William Harrison Terry", be recommitted to the standing committee on miscellaneous private bills for the purpose of hearing evidence.

Mr. Speaker: Is the house agreed that this motion may be moved now by unanimous consent?

Some hon. Members: Agreed.

Motion agreed to.

KALJO KLASMAN

The house in committee on Bill No. SD-129, for the relief of Kaljo Klasman—Mr. McCleave—Mr. Rea in the chair.

On clause 1—*Marriage dissolved.*

Mr. Peters: Mr. Chairman, on many occasions the house has been most concerned about the method followed in these proceedings and the form of evidence presented in some divorce cases. This case is a contested case, and in my opinion it has been presented very strongly and defended very poorly. It is a contradiction of another case we have been discussing which was presented very poorly and defended very strongly. The case received considerable attention in the committee and in looking over the evidence it is my opinion that we are asked to stretch the bounds of credulity too far when we are asked to rule that adultery was committed.

There are a number of things that are odd about this case and I should like to refer to some of them. One of them is the evidence given by the co-respondent. The second is the evidence given by two witnesses, Mr. and Mrs. Fournier. Mr. and Mrs. Fournier claimed and repeated in the evidence on a number of occasions that they were very close friends of the defendant. They pointed out that they had known Mrs. Klasman for some length of time. It was pointed out that Mrs. Fournier and Mrs. Klasman were very close friends but when subpoenas were issued to Mr. and Mrs. Fournier they presented themselves with no apparent reluctance and testified in a manner which in my opinion is not in keeping with close friendship.

The evidence points out a number of things. First, we should point out that there were two alleged acts of adultery and one of them, not being proven before the Senate, was dropped by agreement. They proceeded with the second charge. In this particular case the story is that the lady went to this party at the Fournier's establishment. Mr. Umblia came to that party later. After considerable drinking, Mr. Umblia and Mrs. Klasman left the party. The next morning Mr. and Mrs. Fournier drove to Mrs. Klasman's house where they were to pick the people up to go for an outing that day. At that time Mrs. Fournier knew where Mrs. Klasman lived. They drove to that address but Mrs. Klasman was not there.

It seems significant that Mr. Fournier testified that he did not know where Mr. Umblia lived but Mrs. Fournier was quite familiar with the address. They went to that address. It was not proven by Mr. Fournier, but only by Mr. Umblia and other witnesses, that they ever arrived at the Umblia apartment. When they arrived there Mr. Umblia, according to the evidence on page 25, said he had been drinking a great deal. He was asked when he arrived at the Fournier's apartment and he said about midnight, but then he added, "I don't remember".

Mr. Umblia testified he had been drinking very heavily on the night in question. Mrs. Fournier testified that when she arrived at that apartment Mrs. Klasman was not fully dressed, to the extent she did not have her shoes on. Mr. Umblia was asked how he was

dressed, and he said he was not dressed, but he had his stockings and shoes on. The evidence reads:

Q. You remember that?—A. I wasn't well dressed.
Q. Did you have your pants on?—A. Pyjama pants on.

The implication was that he was not fully dressed and that Mrs. Klasman was there and she was putting on her makeup. In my opinion the evidence that was given in this case is not the type of evidence that proves adultery. It does not even indicate that adultery took place. The woman herself testified very definitely that no adultery had taken place. Although Mr. Umblia testified that it had, he also admitted that he was drunk and on a number of occasions when cross-examined he said he did not remember. He also pointed out that on a number of occasions he drank very heavily on Saturday nights. A question was asked of him if he got drunk. On page 25 we find this:

Q. Do you often get drunk on Saturdays—A. Sometimes, if it is a party.

He did not say he just drank, but he said he got drunk. I submit his testimony is not the kind of testimony you would expect from somebody who would be involved in this kind of case. Mrs. Fournier's evidence does not appear to be what you would expect from a friend testifying against another friend. There is an implication that there might be some agreement between the parties concerned to get this divorce, particularly Mr. and Mrs. Fournier and Mr. Umblia. These people gave evidence because they were subpoenaed, but they gave the type of evidence you would not normally expect friends to give.

I think this is a case in which adultery has not been proven, has not even been intimated. The allegation of adultery is only borne out by one witness who implied it from the state of dress or undress and the condition of the apartment. The implication was that the two parties had spent the night and early morning in this apartment. I would suggest that this is a case where the adultery has not been proven, and I do not believe the divorce should be granted.

Mr. McCleave: Perhaps some of the remarks of the hon. member deserve an answer. I would first want to correct a statement he made, I know it was unintentional, to the effect that the second charge of adultery was not proven and was dropped by agreement. There was no attempt, after one initial attempt at introducing a letter, to prove the other act of adultery that was alleged in the petition and so it does not come before us.

[Mr. Peters.]

In this case there were no professional witnesses. The hon. member mentioned that two friends of the respondent came and gave testimony which was rather damning to her, and he expressed surprise that these people would come in and give evidence which he felt was not in keeping with friendship. I would suggest to the committee that this is a very dangerous point to make. If witnesses cannot be expected to come in to court or into the committee of the other place and tell the truth under oath, whether it hurts their friends or helps them, then the whole system of law would fall into disrepute.

In my opinion the strongest evidence of adultery in this case was contained in a statement brought out in cross-examination of Mrs. Fournier that Mrs. Klasman, the respondent in the case, had admitted that she had slept with Umblia and that she wished to have a baby by him. The other evidence was primarily that of the co-respondent himself.

As the hon. member properly pointed out, the statement that he did commit adultery was denied by the respondent. Perhaps the members of the committee will consider that these two statements cancel each other out. There is no evidence, in the first place, to show that Mrs. Fournier, and she was cross-examined thoroughly, had any unfriendly feelings towards Mrs. Klasman that would cause her to come before the Senate committee and tell the story she did. I think that is a very significant point that the committee must consider. We have the statement of an independent witness who finds the parties in an apartment in the early morning, one in a state of partial dress and the other one making up her face, which I understand is part of the lady's toilet in the morning and which was indicative of the fact she had spent the night there.

There is no attack on Mrs. Fournier as to why she should go before the committee of the other place and make these statements. I think that is perhaps the most important part of the case.

Mr. Peters: On the matter of the two allegations, at page 28 of the evidence before the divorce committee of the Senate we find the following:

The Chairman (Senator Croll): You have made two allegations in your pleadings, Mr. Hume.
Mr. Hume: I would move to amend the petition, Mr. Chairman, to strike out the second allegation. If we have proved one adultery, that is sufficient.
The Chairman (Senator Croll): You appreciate the difficulty in that respect. An allegation has been made and there is a record of that allegation. The person involved might be entirely innocent, and it

seems to me a very dangerous practice to make these allegations without bringing some proof.

Mr. Metrick: I object to the amendment.

Mr. Hume: I felt that the proof of one adultery was sufficient and that is what I came prepared to present. Before I came to that conclusion I had advice that that would be in order and that is why at this time I would move an amendment to the petition, to strike out that portion of paragraph 5 which refers to a date in November—

I refer to that matter only because it appeared in the evidence given in the Senate divorce committee beyond the original petition.

Mr. McCleave: The hon. member is correct in that statement. You will frequently find in these cases that the parties allege all sorts of things and then strike them out. As I indicated, there was one letter adduced to support the second allegation and the parties went no further.

Mr. Martin (Timmins): In these matters of divorce, with the limited experience I have had in this committee, one of the things that bothers me most of all is the matter touched on by the hon. member for Timiskaming, namely the ability of the counsel in presenting these cases either for the one who is suing for the divorce or the one who is answering the charge or who is contesting the divorce. I sometimes wonder whether we in this house, with all the duties that we have, are fully qualified to deal with this matter. As mentioned by the hon. member, we have the examples of two particular divorce cases on two particular days, and in those two cases the roles were completely reversed. On one day we had an excellent presentation on one side and an extremely poor presentation on the other side. On the next day the roles were completely reversed. I am not saying that was the reason that any particular decisions were made in those two cases but I say it is something to which this committee handling these matters must give particular consideration, namely whether cases of this kind are not decided on the merits of the case itself but rather on the ability of the advocates who present the various sides of the matter.

I think one thing that we must keep in mind at all times is that it is our duty to ensure, if at all possible, that there is no miscarriage of justice. Of course that statement applies both ways. On the one hand we must try to ensure that we do not have a miscarriage of justice by granting a divorce where it is not justified; and equally important, we must on the other hand try to ensure that we do not refuse a divorce if, in fact, it is warranted and by so doing have a miscarriage of justice. I think it is of special importance, owing to the position in which we find ourselves, particularly in this session in which, as I am sure all hon. members will agree, we have not too much time in which to concentrate on any one particular subject. I believe that cases of this kind need the ability of a committee to devote its full attention to the matter and not possibly be thinking of a bill that is coming up next, some speech that may have to be made that afternoon or indeed any one of the other duties we have to face in this particular session.

In this particular case the hon. member for Timiskaming raised some of the points that I intended to raise. I will try to avoid repetition by speaking to others that I recall. I say "that I recall" because of this circumstance. I had my particular copy of the bill and the evidence submitted in respect of that bill. I had it marked in readiness for this occasion and I found that I had mislaid it. I therefore must rely to a great extent on memory.

One point that has not been dealt with yet is the statement given by the co-respondent, Mr. Umblia. I will admit it was not sworn testimony under oath.

Mr. McCleave: Where was it given?

Mr. Martin (Timmins): It was made under oath by the other party but not on the part of Mr. Umblia. This is a statement taken sometime prior to the case. When he was asked if Mrs. Klasman had been at his apartment, he said yes. When they asked how often, he said on one or two occasions. They asked what the reason was. He said that at one time he had sprained his ankle and she had visited his apartment to administer first aid and so on and so forth.

As has been pointed out, in these cases it is seldom that we get actual proof. In other words, as was pointed out by the hon. member for Halifax who is the chairman of this committee, you must weigh the evidence; and if the weight of evidence is one way or the other, you must govern yourself accordingly in coming to your decision. When that is the case, you must look at all other factors. As one hon. member pointed out, you must see whether there is a certain pattern of conduct which has developed over the months or over the years that the people have known each other. You must also study or try to understand the matter of motives, namely the motives of the one who applies for divorce and the motives of the one who may be contesting it and indeed the motives of the various witnesses who appear. This certainly is one factor that has also bothered me a good deal about this case.

As mentioned by the hon. member for Timiskaming, we must consider the motives of the two main witnesses in this case,

namely the Fourniers and in particular the motives of Mrs. Fournier in the evidence that she gave in this case. I think that we might all agree that the most damning evidence in this case was given by Mrs. Fournier. I think that if the evidence of Mrs. Fournier was not taken into account, not very much of a case would be left. One point that I think could well be of great significance is the fact that during the testimony given by Mr. Fournier it was clearly indicated that on the occasion of the trip out to the zoo or the fair or whatever it was in Magog, or wherever it was, when they called to pick up Mrs. Klasman and Mr. Umblia it came out in evidence there that while Mrs. Fournier knew the address of the apartment of Mr. Umblia, her husband did not. As I say that matter might or might not be significant. But in the search for motives and in the endeavour to look at all aspects of a case of this kind, a matter of that kind could indeed give serious food for thought in regard to the evidence submitted by Mrs. Fournier. As I say, Mr. Chairman, without that particular evidence I do not think there would be very much of a case in respect of this particular bill.

Clause agreed to.

Clause 2 agreed to.

Title agreed to.

Preamble agreed to.

The Deputy Chairman: Shall I report the bill?

Some hon. Members: On division.

Bill reported on division.

Mr. R. J. McCleave (Halifax) moved the third reading of Bill No. SD-129, for the relief of Kaljo Klasman.

Mr. Speaker: Shall the bill be now read a third time?

Some hon. Members: No.

The house divided on the motion (Mr. McCleave) which was agreed to on the following division:

YEAS

Messrs:

Aiken
Aitken, Miss
Allmark
Anderson
Baldwin
Barrington
Baskin
Beech
Bell (Saint John-Albert)
Benidickson
Brooks
Broome
Browne (Vancouver-Kingsway)
Cadieu
Campbell (Lambton-Kent)
Campbell (Stormont)
Cardiff
Cathers
Charlton
Chown
Churchill
Clancy
Coates
Cooper
Creaghan
Crestohl
Crouse
Danforth
Dinsdale
Doucett
Drysdale
Fairclough, Mrs.
Fairfield
Fleming (Okanagan) Revelstoke)
Forgie
Fraser
Hales
Halpenny
Hamilton (Notre Dame de Grace)
Hamilton (Qu'Appelle)
Hamilton (York West)
Hanbidge
Harkness
Hicks
Hodgson
Horner (The Battlefords)
Houck
Howe
Jones
Jorgenson
Jung
Lennard
Lockyer
Macdonald (Kings)
MacInnis
MacLean (Queens)
MacLean (Winnipeg North Centre)
MacRae
McBain
McCleave
McDonald (Hamilton South)
McFarlane
McGregor
McIlraith
McMillan
Mandziuk
Milligan
Monteith (Verdun)
Montgomery
More
Morton
Muir (Cape Breton North and Victoria)
Nesbitt
Nielsen
Noble
Ormiston
Pallett
Payne
Pearkes
Pugh
Rapp
Rea
Robinson
Rowe
Rynard
Simpson
Smallwood
Smith (Lincoln)
Smith (Simcoe North)
Smith (Winnipeg North)
Southam
Spencer
Starr
Stearns
Stefanson
Stewart
Stinson
Taylor
Thomas
Thompson
Tucker
Weichel
White
Winkler
Woolliams
Wratten—106.

NAYS

Messrs:

Allard
Argue
Asselin
Bourque
Brassard (Lapointe)
Deschatelets
Fisher
Flynn
Herridge
Howard
Martin (Timmins)
Peters
Pigeon
Regier
Tasse—15.

TRANS MOUNTAIN OIL PIPE LINE COMPANY

Mr. E. J. Broome (Vancouver South) moved that the house go into committee to consider Bill No. S-6, respecting Trans Mountain Oil Pipe Line company.

Motion agreed to and the house went into committee, Mr. Rea in the chair.

On clause 1—*subdivision of shares.*

Mr. Regier: I would like to ask a question of the sponsor of the bill, the hon. member for Vancouver South. In taking this bill into consideration we have only one major concern, namely will the passage of the amendment that is sought be in the public interest? I notice from the last annual report of the company that these $10 shares had earnings

in the five years of operation as follows: In the first year,—and this was only part of the year, only one-quarter of the year while the company was in the process of getting under way,—there was a loss of 31 cents per share. In the second year, 1954, there was a loss of 84 cents per share. I would point out, Mr. Chairman, that these losses per share are after a deduction for depreciation which, in 1954, amounted to $3,245,000. In the third year, 1955, the net earnings per share were $2.05. In 1956, the net earnings per share were $4.65; and in 1957, the net earnings were $5.52 per share. In other words, in the last three years, the net earnings per $10 share have been $12.22. In the first two years there was a total loss of $1.15 per share, so that over all, in the entire history of the company, every $10 share has earned a $11.07.

The point has often been made in the past that when a company's earnings become exceptionally high the company then loves to dispose of those earnings in other than the standard method, which is paying out the dividends earned. One of the ways in which a company can make its earnings appear less, and therefore a little less embarrassing, is for the company to engage in what is called share-splitting so that the net earnings per share do not appear to be so excessive to the general public.

This pipe line is a utility engaged in the transportation of oil from Alberta to the lower mainland of British Columbia. It is a monopoly in this field, and therefore it is up to the members of parliament to be very careful of the public interest. I know the hon. member for Vancouver South has spent many long hours and has been associated with the affairs of this company over a long period of time, I believe, even reaching back to its original organization, and I believe that he would have a more adequate answer to the question I ask than the officials were able to give either to the committee of this house a year ago or to the committee of this house this year. I have read all the evidence that the officials of the company have given so far and they have not yet been able to convince me. I am not sure that at this time I have made up my mind on the position I intend to take on this bill, but I do feel that once and for all we should have on the record a satisfactory explanation of how the public interest will be served if this committee agrees to the request that is contained in the bill sponsored by the hon. member.

Mr. Broome: Mr. Chairman, I have only a few minutes to reply to the question asked me; but the contention in regard to the spliting of this stock is that first of all there will be wider distribution of the stock, and that has been the past history in stock splits. Further, the wider distribution of the stock will be an aid in the stabilizing of the price of the stock and it will not be so subject to market manipulation, if you want to put it that way. The extra shares in the treasury of the company will permit the company to stand on its own feet in future financing. The company is taking this course on the best financial advice that it can secure. The idea is that Trans Mountain will require something like $200 million in future financing to keep ahead of the possible demands upon their capacity.

In their past financing they were carried by five or six major oil companies who guaranteed bonds and interest on the bonds. In the future, according to the management of the company, and according to their financial advisers, they propose to raise the extra money they require through the sale of securities and of stock. Their advisers—and they are pretty good advisers in the field—have told them that if they split the stock and have a stock in the range of between $10 or $20 a share they can go out and sell this stock to the Canadian public. The company is not listed with the S.E.C. in the United States. It is not on the United States stock exchanges and the intention would be, and the result would be, that a majority of this stock would be owned by Canadians.

Mr. Martin (Timmins): I do not know just how significant this point is, but possibly the hon. member can explain it. In the submission to the royal commission on energy, a copy of which was handed to all hon. members last week to assist us in understanding this particular company and all its aspects, is a reference on page 1 to one of the wholly-owned subsidiaries of the Trans Mountain Company called the Trans Mountain Oil Pipe Line Corporation, which owns and operates a system in the state of Washington. On page 2 there is a further reference to this company. The company has three wholly-owned subsidiaries called the Trans Mountain Oil Pipe Line Corporation incorporated in the state of Delaware. I was wondering whether there is any significance in this or what the reason is that the subsidiaries of this company should be incorporated in one state and operating in a different state altogether. Is there any significance? If so, what?

Mr. Broome: I do not think there is any significance outside of the fact that companies perhaps find it easier to incorporate in the state of Delaware. I am not a company lawyer; I do not know. But I do know it is not unusual for companies to incorporate in

Delaware and that they do not have to incorporate in the state in which they operate.

Progress reported.

Mr. Speaker: The hour for private and public bills having expired, the house will revert to the business which was interrupted at five o'clock.

WAYS AND MEANS

The house in committee of ways and means, Mr. Rea in the chair.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

CUSTOMS TARIFF

Customs Tariff—384. Skelp, plate, sheet or strip of iron or steel, hot- or cold-rolled, when imported by manufacturers of pipes or tubes, for use in the manufacture of pipes or tubes: British preferential tariff, free; most-favoured-nation tariff, 7½ per cent; general tariff, 15 per cent.

Mr. McMillan: Mr. Chairman, at five o'clock I asked the minister if he would agree to considering item 384 together with items 397 and 399 because I think it is impossible to discuss item 384 without some repetition of debate. However, since he has not agreed may I say that I have been aware for a long time that representations—

Mr. Fleming (Eglinton): Mr. Chairman, the suggestion was first made this afternoon by the hon. member for Ottawa West. I have no particular objection to it. A request was made earlier this afternoon by the hon. member for Kenora-Rainy River that we should take these items one at a time. I only wish to accommodate the committee, and if there is a strong wish on the part of my hon. friend to take them that way I am not going to offer objection.

Mr. McIlraith: I think it would save a lot of repetition of debate if 384 could be allowed to stand over and be discussed when we are on 397 or 399, as the minister wishes.

The Chairman: Is it agreed that resolution 384 stand?

Some hon. Members: Agreed.

Item stands.

Item 385 agreed to.

Customs tariff—386. Plate or sheet of iron or steel, rolled from ingots, blooms or slabs of Canadian origin, when imported by the manufacturers of the said ingots, blooms or slabs (this item expires effective January 1, 1961): British preferential tariff, free; most-favoured-nation tariff, free; general tariff, 20 per cent.

Mr. Benidickson: In reading the left-hand column table and comparing it with the right-hand column one might assume a reduction from $10 per ton under the most-favoured-nation tariff to free. Am I right in thinking that these products are now admitted under order in council at rates similar to those proposed in the resolution?

Mr. Fleming (Eglinton): Yes. Old item 385b is an order in council item.

Mr. Benidickson: I was talking about 386.

Mr. Fleming (Eglinton): The new proposed item 386 is the old item 385b which is an order in council item.

Mr. Benidickson: I am concerned with the words that appear after the description of the item, "this item expires effective January 1, 1961." I did not understand that that was part of the board's recommendation. Has the minister some comment to make on that?

Mr. Fleming (Eglinton): My hon. friend is correct in pointing out that to the recommendation of the tariff board with respect to the rates this resolution has added the proposal that the expiry date be January 1, 1961. The purpose of adding this expiry date is to provide an opportunity to reconsider at a later date whether or not it is in the best interests of the Canadian economy to provide duty free entry for plate or sheet which has been rolled in a foreign country from semi-finished steel made in Canada.

Item agreed to.

Items 387, 387a and 387b agreed to.

Customs tariff—387c. Railway intersection layouts, intersections, switches, crossings, frogs, guard rails, of iron or steel: British preferential tariff, 15 per cent; most-favoured-nation tariff, 25 per cent; general tariff, 30 per cent.

Mr. Benidickson: I do not find a reference to this in the tariff board schedule as recommended. What is the situation here?

Mr. Fleming (Eglinton): Items 387b and 387c were not in the tariff board reference and the change at this time simply represents a renumbering of the former items.

Item agreed to.

Customs tariff—392a (1). Forgings of iron or steel, hollow, rough-machined or not, not less than 12 inches in internal diameter; all other forgings, solid or otherwise, rough-turned or rough-machined or not, of a weight of 20 tons or more: British preferential tariff, 5 per cent; most-favoured-nation tariff, 20 per cent; general tariff, 30 per cent.

Mr. Benidickson: On this item there is a deviation from the tariff board recommendation. I take it that the administration has decided to make two classes. I think they have accepted the tariff board recommendation and rates with respect to forgings 20

tons and under and have made an additional class of those over 20 tons. Is that right?

Mr. Fleming (Eglinton): The tariff board recommended an increase of 5 per cent in both the British preferential and most-favoured-nation tariff on forgings over 20 tons in weight. Since forgings over 40 tons are not available in Canada this item is being proposed to retain without change the rates of duty formerly in effect on the large forgings over 40 tons.

Item agreed to.

Item 392a (2) agreed to.

The Chairman: Shall we proceed with resolution 4 and let this one item stand?

Mr. Fleming (Eglinton): We have allowed item 384 to stand, Mr. Chairman.

The Chairman: Then we shall let item 384 stand and take it up when we reach item 397.

4. Resolved, that schedule B to the Customs Tariff be amended by striking out items 1005, 1006, 1007, 1009, 1015, 1023, 1025 and 1045, and the enumerations of goods and the rates of drawback of duty set opposite each of those items, and by inserting therein the following items, enumerations of goods and rates of drawback of duty:

Customs tariff—1004. Steel when used in the manufacture of files: payable as drawback, 60 per cent.

Mr. Benidickson: We are now dealing with three items of the drawback category. Am I right in thinking that in all respects these comply with the tariff board recommendations?

Mr. Fleming (Eglinton): Yes, Mr. Chairman.

Item agreed to.

Items 1005 and 1006 agreed to.

Resolution agreed to.

5. Resolved, that schedule A to the Customs Tariff be amended by striking out tariff items 396, 396a, 397, 398, 398a, 398b, 398c, 399, 399a, 399b, 399c, 400, 410b, 410d, 410g, 410z and 848, and the enumerations of goods and the rates of duty set opposite each of those items, and by inserting therein the following items, enumerations of goods and rates of duty:

Customs tariff—396. Pipes or tubes of cast iron, whether or not coated or lined: British preferential tariff, 7½ per cent; most-favoured-nation tariff, 12½ per cent; general tariff, 25 per cent.

Mr. Benidickson: We are now on a new section dealing with tariff board reference No. 119, pipes and tubes of iron or steel. This too was submitted by the former minister of finance to the tariff board on September 14, 1955, I believe. As everyone realizes, there is quite a correlation between the two references. The material that the pipe and tube industry utilizes is involved in the section we have just considered. I think the reports were made by the tariff board to the minister more or less simultaneously, is that correct?

Mr. Fleming (Eglinton): Yes, the two reports bear the same date, February 28, 1957, and were submitted together by the board.

Mr. Benidickson: Basically, of course, this involves a conflict of interest between our manufacturers of pipes and tubes and particularly our new and expanding resource industry engaged in the development of our petroleum resources. Shortly after his budget speech I think the minister received a protest from the Canadian petroleum association. I have not seen a copy of the protest, but perhaps the minister could give us some information about it.

Mr. Fleming (Eglinton): No, I have no recollection of receiving a protest from the Canadian petroleum association.

Mr. Benidickson: I am quoting from the Edmonton *Journal* dated June 28, and which indicates that the Canadian petroleum association felt that not only in respect of certain income tax matters but with respect to—

Mr. Fleming (Eglinton): What is the date of that?

Mr. Benidickson: June 28, after presentation of the budget. I am quoting from an article in the Edmonton *Journal*, and they state that while the tariff boosts unfavourable to them were perhaps not large, that is was not a big tariff boost, it was felt to be enough to add to oil exploration and production costs at a time when the industry is cutting corners everywhere in an effort to weather a very difficult period in their experience. I have not a copy of the brief, but I thought the minister might outline it to us. The minister says he is not familiar with the brief?

Mr. Fleming (Eglinton): No, I have been discussing this with the officials and I will check further, but no one seems to have any recollection of receiving any submission from that source on that subject. I might suggest to my hon. friend that the matter he is discussing does not seem to be item 396, in any event.

Mr. Benidickson: No, I am thinking of making remarks which I think are appropriate at this time when we are introducing discussion of this new resolution dealing with a group, namely the pipes and tubes group. As I indicated when we were discussing former sections, I find some deviations in the resolution as proposed by the minister and the recommendations of the tariff board. With respect to this tariff board report No. 119 I am concerned about

recommendation No. 2. Where is recommendation No. 2 to be found in the enumeration of tariff items that we have in front of us at this moment.

Mr. Fleming (Eglinton): It is under item 400.

Mr. Benidickson: In different wording and somewhat altered from the recommendation, is that correct?

Mr. Fleming (Eglinton): Yes.

Mr. Pearson: I should like to say just a word on this particular item, Mr. Chairman, though it really is pertinent to the whole of the resolution. The schedule of recommendations proposed by the tariff board is, I gather, followed in the main. Perhaps the minister would be good enough to let the committee know, as he did this afternoon, where these recommendations are departed from and whether the departures represent an increase or a decrease in protection.

The minister said in his budget speech that the changes proposed in this resolution would involve some reductions and some increases. Later, I think he said in the same speech that the major result of these changes will be to make more effective the protection which is afforded to Canadian producers. We must assume, therefore, that the increases are more important than reductions. Perhaps the minister might, on that other point I mentioned, be good enough to do what he did this afternoon and which we found helpful in the discussion of these items, that is to indicate where there are departures from the tariff board recommendations and whether they are departures upward or downward from those recommendations.

Mr. Fleming (Eglinton): Yes, gladly, Mr. Chairman. Here again, as was the case with the recommendations of the tariff board respecting the iron and steel items in the tariff, what is being brought in here is a modernization of the tariff. Speaking of making it more effective we had in mind the elimination of a number of end use items.

The resolution, as compared with the report of the tariff board, contemplates increases in three items and decreases in six. The three items increased as compared with the recommendation of the tariff board are 399, 399a and 400. The six items in which the resolution proposes a decrease as compared with the recommendations of the tariff board are as follows: 397, 397b, 399, 410b, 410g and 410z.

Mr. Pearson: Did the minister say there was an increase in the change recommended in 399, and then go on to say there was a decrease in that same item?

[Mr. Benidickson.]

Mr. Fleming (Eglinton): That is correct. If the Leader of the Opposition will look at the columns under the heading "Rates in effect prior to rates proposed in this budget", he will see that there are various rates there and the effect is to reduce some and increase others.

Mr. McIlraith: Perhaps if the minister would indicate his amendments now, it might be helpful.

Mr. Benidickson: Well, only when we come to 399, perhaps.

Mr. Fleming (Eglinton): Yes, the only amendment is with respect to item 399.

Item agreed to.

Customs tariff—397. Pipe or tubes of iron or steel, n.o.p., with plain or processed ends, whether or not coated or lined: British preferential tariff, 12½ per cent; most-favoured-nation tariff, 20 per cent; general tariff, 30 per cent.

Mr. McMillan: I have been aware for a considerable time that representations were made to the former minister of finance in connection with the customs tariff relating to basic iron and steel products as well as iron and steel pipes and tubes. These matters were referred to the tariff board under reference Nos. 118 and 119, and certain recommendations were made by the tariff board in connection with pipe. The city of Welland happens to be a pipe manufacturing centre, so naturally I have looked at these proposed items with a view to ascertaining whether or not these tariff items might add to the large number of unemployed we have in that area now.

Under tariff item 384 the duty on skelp for use in the manufacture of pipes has been increased. The British preferential tariff has not been increased, but the most-favoured-nation tariff has been increased from 5½ per cent to 7½ per cent, and the general tariff has been increased from 5 per cent to 15 per cent. I am told that very little skelp comes in from Great Britain or the United States. The pipe mills in Welland are not integrated and they must buy their skelp. The fact is that the increase in the most-favoured-nation tariff of 2½ per cent on skelp will in all likelihood increase the price of skelp, whether it is bought in the United States or at home in Canada.

I notice that the tariff board recommended one tariff item which would be the main or basket item relative to pipes or tubes of iron or steel. It would cover, wholly or in part, such pipes and tubes as come under 15 or more existing items. The recommendation of the tariff board was not to differentiate further in the size of pipe. The old item 397a had to do with pipe up to 10½ inches and item 397b with pipe over 10½ inches.

With the amendment brought in by the Minister of Finance the other night, he has in effect continued to make this differentiation against the advice of the tariff board. The new item 397 in the budget includes about 15 or more existing items and item 399 nullifies most of the protection given under item 397 for pipe 10½ inches in diameter and larger, where the pipes or tubes of iron and steel and fittings and couplings are used in the transmission of natural gas to points of distribution, or in the transmission of crude oil.

I am told that all the pipe made in Welland by Welland Tubes Limited and much of the pipe made by Page Hersey which is in excess of 10½ inches in diameter will come under the new tariff item 397, but this particular item will be largely nullified by item 399.

Having in mind the increase in protection given to skelp, I have prepared some tables showing the decrease in protection given to pipe under 10½ inches in diameter and also pipe over 10½ inches in diameter. I will give them in the three figures, namely British preferential, most-favoured-nation and the general tariff. Under the old rates they were 15, 22½ and 30; under the present budgetary proposals they are 12½, 20 and 30, so that the net tariff reduction is 2½, 2½ and zero. If we take into consideration the 2½ per cent of raw material increase,—after all, the raw material, the skelp that the pipe mills have to buy constitutes about 65 per cent of their cost of production—instead of 2½ and 2½ and zero we would have 5, 5 and 2½ as a reduction in protection. If we take the tariff board recommendation of 12½, 22½ and 30 we have a net reduction of 2½, 5 and 2½ when we take the present budgetary proposals. Hence our manufacturers are worse off under these new proposals for pipe under 10½ inches in diameter.

It is interesting to compare the proposed budgetary rates with the tariff board proposals and the old tariff rate on pipe of 10½ inches in diameter and larger. The tariff board proposal was 12½, 22½ and 30; the budget rate is 10, 15 and 30. Hence the budget rate is under the tariff board proposal by 2½, 7½ and zero. In both cases there is a 2½ per cent increase in the price of skelp, if skelp is sold in Canada up to the amount of the protection that is given. The old rate on pipe—I take it under 397b on pipe of 10½ inches in diameter or larger—was 10, 15 and 20. This budget rate is 10 and 15, so that it is zero and zero. The present budget rate, of course, allows charges of 2½ per cent on the skelp which would increase the raw material in the larger pipe so that in both cases we have these budgetary proposals which are detrimental to the manufacturer of pipe both under 10½ inches in diameter and over 10½ inches in diameter in Canada.

Taking into consideration, as we must, the 2½ per cent increase in the tariff on skelp, the tariff board proposals give the best overall protection to the pipe industry; the old tariff the next; and the present budgetary proposals the lowest. The amendment announced by the minister has the effect of having one duty for pipe up to 10½ inches and another for pipe over 10½ inches in diameter when it has certain uses. This is contrary to the recommendation of the tariff board.

I understand that items 397 and 399 will apply to the great volume of pipe admitted into Canada. Without the amendment to item 399 I think our pipe manufacturers in Canada might have had fairly tough competition from foreign producers. Manufacturers of the larger pipe will not be as well off as they were before. I know that in Welland under the old tariff item it was difficult enough for the pipe manufacturers making large pipe to get orders. The new Welland Tubes Limited plant which was established under the former government cost many millions of dollars and makes all large diameter pipe. Page Hersey Tubes Limited also makes considerable pipe over 10½ inches in diameter. I hear rumours that the former plant is to close down for a period of six months. I am not against a lower duty on pipe but I am against a lower duty on pipe when this government is at the same time raising the cost of production of pipe. The whole matter seems to be haphazard and discriminatory to my mind.

It seems to me that those who build oil and gas lines have monopolies in their particular fields and regions, but they are given very favourable consideration under item 399. I feel that this will put many Canadian workmen now working out of work. The pipe manufacturers claimed that they should have the same protection on all sizes of pipe in order to develop the industry. I know that much of this larger pipe has been admitted into Canada from the United States, Great Britain and Germany. I understand that Germany comes under the most-favoured-nation tariff. I do not know how much more pipe will come into Canada because of this decrease of duty on the smaller pipe and also because of the increase in duty on skelp for the larger pipe but I think in the city of Welland this will tend to increase the number of unemployed. The manufacturer of the larger pipe involves a new industry which is just getting started. I would personally like the government to adopt the recommendation of the tariff board rather than to reduce these duties, particularly since this might put a

number of our men out of work. I would much prefer to see our men employed rather than having much of the pipe imported while our men are walking the streets and in Welland we certainly have a number of unemployed men, and this applies to the pipe industry. Granted, Page-Hersey has recently been working steadily because of the new pipe lines coming into operation in Ontario, including the trans-Canada pipe line. However, I understand that the larger mill making the big inch pipe might have to close down for six months for lack of work. I do not for one moment mean that if they got an order they would not start operations right away, but the future does not look very bright for the large pipe manufacturers.

I would like to ask this government not to increase the cost of production of pipe, particularly when a blanket or across the board tariff for pipes of all sizes is not apparently being considered.

Mr. McIlraith: Mr. Chairman, I would like to make a few remarks on this item. As one who has had occasion to appear professionally before the tariff board in connection with reference 119, I wish first of all to express the view that the work of the tariff board in connection with that reference and also in connection with reference 118 deserves the commendation of this house. It was thorough and was spread over a period of months; the board was painstaking and heard the representations of the industry and all those who might be affected by the subject matter of the reference before it; it also heard any other persons who cared to appear, and the report of the board was most interesting.

I would, however, like an explanation from the minister on what to me is the most interesting aspect of this matter, because I confess that having attended the hearings, having read the report and studied the resolution before us, I am unable to understand exactly what is the policy of the government on this matter. I say this because the tariff on the raw material for the pipe manufacturer in Canada is being increased under the most-favoured-nation classification from 5 per cent to 7½ per cent. The tariff board had recommended that that increase be to 10 per cent. Notwithstanding that 50 per cent increase in the tariff on the raw material the pipe items with the exception of oil country goods are subject to a sharp reduction.

I wonder if the minister could tell the house why this industry is being singled out by having its raw material duty increased and its finished product duty lowered. Perhaps I should make clear to the committee the history of the old section, which I believe was 397a and which governed nearly all pipe. Each time the Canadian mills increased their capacity to manufacture pipe of larger diameter the language of the tariff item was changed in accordance with that increase. This aspect of the matter is dealt with at page 43 of the tariff board report, which says:

> It appears to have been the policy of succeeding governments in Canada to alter the diameter specified in the main item, 397(a), as Canadian production came into being—from two inches and smaller in 1897, to 10½ inches as at present.

I must say that that sentence perhaps deserves a little further explanation. There was an increase in the size of pipe manufactured in Canada from 10½ inches to 12¾ inches in 1934 and there was a further increase in the size from 12¾ inches to 16 inches in 1950. Those were the only two increases until the time of the tariff board reference in 1955. At the present time all the sizes are manufactured up to 36 inches and the tariff board has said that under the board's proposal item No. 3 would include all ranges and practically all kinds of pipes or tubes of iron and steel. That is to say, they proposed following the practice of governments over the years of changing the description in the item and the language of the item as the capacity of the mills to manufacture larger diameter pipe developed. Therefore their recommendation No. 3 recommended duties of 12½ per cent, 22½ per cent and 30 per cent. In the proposal now before the committee the percentages, namely 12½ per cent, 20 per cent and 30 per cent, almost follow the recommendation of the tariff board but there is a limitation in the description of item 397 as recommended by the tariff board, with the result that a large part now falls under new proposed item 399, with the rate of 10 per cent, 15 per cent and 30 per cent.

The effect is that the tariff board's recommendations are being ignored as to the language of the items affecting pipe. There is a substantial departure in this item from the recommendations of the board, which would have the effect of bringing all pipe under the main item. The larger pipe, which is 10½ inches and more, would have the same duty as pipe under 10½ inches had before the tariff board hearings while the raw material used in production of the pipe will be subject to a 50 per cent increase in duty under the most-favoured-nation rate.

It seems to me that there are involved very serious implications for the industry and I would like to know from the minister what is his explanation for such a sharp departure from the recommendations of the board in so far as they relate to the Canadian pipe mills,

both in respect to the language of the items as proposed and in respect to the rates of duty to be imposed.

I should also like some explanation from the minister concerning why the dimension 10½ inches or more was chosen for the proposed amendment to item 399 because in the pipe manufacturing business the variation comes at 16 inches and not at 10½ inches, and I am uncertain why that latter figure was chosen unless it was in the old item which was before the tariff board for consideration and with regard to which they made such a definite recommendation.

Mr. Fleming (Eglinton): The discussion seems to have dealt with items 397, 399 and 384 together, and perhaps it would be better if, for that reason, I dealt with all three together in my remarks.

The tariff at the present time has two relevant items; 397a, pipe not more than 10½ inches in diameter, and the rates are B.P. 15 per cent; M.F.N. 22½ per cent; general, 30 per cent. I may say at once to the hon. member for Ottawa West that that is the origin of the 10½ inch diameter which is mentioned in the amendment which will shortly be introduced on item 399. The other item in the present tariff is 397b, pipe more than 10½ inches in diameter, and the rates are B.P., 10 per cent; M.F.N., 15 per cent; and general 20 per cent. It is important to bear in mind that there has been a drawback of 50 per cent provided in the case of pipe used for gas transmission lines.

Mr. Benidickson: There has been; that is being abolished by this legislation.

Mr. Fleming (Eglinton): Yes, I will deal with that. In addition, remissions have been granted on pipe used for the construction of oil pipe lines. That is the situation as we find it at the time of the tariff board inquiry. Now the tariff board conducted its inquiry and made certain recommendations. As has been suggested already, the resolution contains certain departures from the recommendations of the tariff board and, I submit, for good and sufficient reasons. It should be borne in mind that these are items which, under the terms of GATT, had to be negotiated with the United States, and try as we might we had no chance of coming out of these negotiations with the recommendations of the tariff board inviolate.

Mr. Benidickson: Would the minister indicate what he did trade, finally, in that respect?

Mr. Fleming (Eglinton): It is not customary to indicate the various stages in the bargaining. We might have to bargain again with the United States at some time, and I think the hon. gentleman will realize that the practice in this respect is a sound one—not to attempt to retrace the various stages in the bargaining. But we did the best we could in the course of the negotiations and I think that in the event, having regard to the fact that there were bargaining and negotiating on both sides for quite an extended period, the result, though not entirely of our choosing, can be regarded on the whole as reasonably satisfactory to both sides.

To turn now to item 397 in the resolution which covers pipes or tubes of iron or steel not otherwise provided, with plain or processed ends whether or not coated or lined, here I intend to confine my comments to the rates under the British preferential and the most-favoured-nation columns because the general rates have, I think, only academic interest. The tariff board's recommendation with respect to pipes and tubes of iron or steel was British preferential, 12½ per cent; most-favoured-nation, 22½ per cent. The resolution now before the committee contemplates the following rates: British preferential, 12½ per cent; and most-favoured-nation, 20 per cent.

It will be seen that we have emerged from these negotiations with the same British preferential rate, and a reduction of 2½ per cent in the most-favoured-nation rate. I am going to make a comment a little later about that 2½ per cent. Perhaps I might just say now before I return to the item on skelp, that this reduction of 2½ per cent as compared with the tariff board's recommendations is offset by the 2½ per cent reduction in the rate on skelp under the present resolution as compared with that recommended by the tariff board.

Mr. McIlraith: Before the minister leaves item 397—

Mr. Fleming (Eglinton): I have not left it yet. Under the general purpose pipe item, 397, the British preferential rate proposed is that recommended by the tariff board, that is 12½ per cent. I wish to make that quite clear. And I have stressed the fact that the reduction on the skelp item—the material—of 2½ per cent offsets the reduction of 2½ per cent in the most-favoured-nation rate on the pipes and tubes under item 397. The effect of our proposal as compared with the recommendation of the tariff board is, first, to increase the effective margin of protection under the British preferential tariff and, second, to retain the effective margin of protection under the most-favoured-nation tariff. That is the net result of the change.

That is all I propose to say on item 397 and now, perhaps, the hon. member for Ottawa West might wish to ask his question.

Mr. McIlraith: I take it that the minister does not, of course, suggest that the 2½ per cent difference on skelp between what was recommended and what he has brought in under the resolution is the equivalent of 2½ per cent duty on the finished article? I am sure he will not want to leave that impression.

Mr. Fleming (Eglinton): Not entirely, and not in terms of dollars and cents. Nevertheless I think the hon. gentleman will agree that basically it maintains the difference that exists between the rate on the incoming material on the one hand and on the finished product on the other hand, in a tariff sense.

Mr. McIlraith: Before we leave item 397, I have just one other question. The minister has not dealt with the change of wording. What he has said by way of explanation of item 397 is weakened by the fact—and I would ask him to comment on this—that the item is no longer applicable to the vast majority of the pipes and tubes, because of the language used in item 399. Formerly, item 397 included oil pipe lines, but it no longer does.

Mr. Fleming (Eglinton): Item 399, as I will say in a moment, sets up a new and special item for pipe lines, and pipe lines alone.

Mr. McIlraith: No; on 397, what I had in mind—

Mr. Fleming (Eglinton): On 397 I thought, from the way in which the hon. gentleman started out, that he was going to talk about the change in wording in relation to fittings—

Mr. McIlraith: No.

Mr. Fleming (Eglinton): —because they are dealt with now under item 400.

Mr. McIlraith: My point was that he compared it with 397a, which previously covered a large percentage of the total tonnage of pipe manufactured in this country. Because of the changed wording, it will now cover a relatively small percentage of the total pipe manufactured in Canada. That is the point I wish to make. Item 397 is no longer applicable to pipe used in oil pipe lines; whereas formerly it covered all oil pipe lines.

Mr. Fleming (Eglinton): That is true. That is the point I was dealing with. Item 399 is the new item which now deals with pipe for pipe lines. Item 397 remains the basic item dealing with pipes or tubes of iron or steel not otherwise provided, and we have taken out of the general description the tubes or pipes, fittings and couplings, in 399 used in the transmission of natural gas to points of distribution or in the transmission of crude oil.

Mr. McIlraith: I do not think I am making myself clear to the minister. What I want to get at is this. The effect of changing the language in item 397 as compared with the former item 397a is to make this item, which the minister spoke of as the basic item, no longer the basic item. As it existed, the basic item covered a very large percentage of the total pipe manufactured in this country. Under the new language it has become applicable to only a relatively much smaller percentage of the total pipe manufactured in Canada. That was the point I wished to establish.

Mr. Fleming (Eglinton): Mr. Chairman, item 397 covers all the pipes and tubes—

Mr. McIlraith: Not otherwise provided for.

Mr. Fleming (Eglinton): —that the former tariff items 397a and 397b covered, with the exception of the pipes or tubes now proposed to be covered in 399. Items 397 and 399 cover the totality of pipes and tubes as did 397a and 397b under the old tariff.

Mr. McIlraith: Yes, that is correct. Going on from there, the point I want to establish is that under the old item 397a there was this higher tariff that the minister concerned himself with a moment ago. Item 397b was a lower item which, as I indicated, until very recently covered the pipes and tubes not made in Canada. That was the effect of it. By changing the language of item 397 the minister has now made it applicable only to certain limited pipes and tubes; whereas formerly it covered a very large percentage of the total pipe manufactured in Canada.

Mr. Fleming (Eglinton): Yes, my hon. friend and I were on common ground that 397 and 399 in the resolution cover the totality of pipes and tubes as did 397a and 397b in the old tariff.

Mr. McIlraith: That is correct.

Mr. Fleming (Eglinton): Now without going too far off the line of argument or remarks that I was about to follow, let me just say here and now, Mr. Chairman, that in the amendment I am proposing to ask one of my colleagues to introduce to item 399 the rates will be for pipes or tubes of iron or steel more than 10¾ inches in diameter, and fittings and couplings therefor, B. P., 10 per cent; M.F.N., 15 per cent; general tariff, 30 per cent; whereas, under the old item 397b, which covered pipe more than 10¾ inches, the B.P. and the M.F.N. rates were just the same, namely 10 per cent and 15 per cent respect-

ively. Therefore, we have retained in item 399 in the amended form now proposed the hitherto effective B.P. and M.F.N. rates with respect to pipe more than 10½ inches in diameter.

Now, Mr. Chairman, having said that, perhaps I should go on with the remainder of the explanation of item 399. Item 399, Mr. Chairman, as you will see, covers pipes or tubes of iron or steel and fittings and couplings therefor, for use in the transmission of natural gas to points of distribution or in the transmission of crude oil. These are the pipe lines, whether for transmission of gas or crude oil. The tariff board made a recommendation here, Mr. Chairman, and associated with the rates they recommended a proposal for a 50 per cent drawback. They recommended a B. P. rate of 12½ per cent and an M.F.N. rate of 22½ per cent. If you apply to that the drawback of 50 per cent which they recommended, you have effective net rates recommended by the tariff board of 6¼ per cent B.P., and 11¼ per cent M.F.N.

The budget proposal is that the rates be 10 per cent B.P., and 15 per cent M.F.N., so that the hon. member for Welland must see that what is recommended in the budget proposal is an effective increase in the effective tariff rates on the gas pipe lines recommended by the tariff board. I think, if I may say so to my hon. friend, what he overlooked in his argument was the existence of the drawback recommended by the tariff board as well as the fact that there has existed until now a 50 per cent drawback on pipe lines used for gas and a remission on pipe lines used for transmission of crude oil.

With respect to oil pipe lines, Mr. Chairman, the tariff board recommendation was for tariff rates B.P. 12½ per cent; M.F.N., 22½ per cent. The budget proposal is as follows: B.P., 10 per cent; M.F.N., 15 per cent; and on both B.P. and M.F.N. accordingly there is a reduction proposed in the resolution as compared with the tariff board report.

Just to recapitulate as briefly as can be, Mr. Chairman, as to pipe for pipe lines, the situation is as follows: On pipe used in gas pipe lines the tariff board recommended the continuation of the 50 per cent drawback of duty which was formerly in effect. On pipe used in oil pipe lines the tariff board made no specific recommendation in reference to drawback. However, on substantial quantities of pipe used in oil pipe lines, remission of duties has been permitted under the Financial Administration Act. That has been going on now for years.

Tariff item 399, as introduced in the budget, proposed a British preferential rate of 10 per cent and an M.F.N. rate of 15 per cent on all pipe used in gas or oil pipe lines. Since the budget was introduced, representations have been received from the pipe industry pointing out that—this is the pipe industry that the hon. member for Welland was referring to—the item as introduced would cover pipe of all diameters. It is with those representations in mind that I am putting forward the amendment to item 399 in order to limit the item to pipe over 10½ inches in diameter. I remind my hon. friend that the 10½ inches diameter comes from old tariff item 397b. It is now a well-established point of differential in the diameters of pipes for this purpose. The effect of this change will be that all pipe 10½ inches or less in diameter will be dutiable under tariff item 397 which, as I have explained, retains the effective margin of protection between the rates of duty on pipe and on skelp recommended by the tariff board under the M.F.N. tariff and somewhat increases the effective margin of protection under the B.P. tariff.

With respect to pipe over 10½ inches in diameter used in gas and oil pipe lines the British preferential tariff will be 10 per cent and the most-favoured-nation tariff will be 15 per cent. Under the tariff board's recommendations on gas pipe lines the effective rates would have been British preferential, 6¼ per cent, and most-favoured-nation, 11¼ per cent on most of this pipe, so that the item now proposed represents substantially more protection than would have resulted from the tariff board's recommendations. I think the hon. member for Welland must recognize that. On pipe used in oil pipe lines it would be difficult to resist requests for remissions of duties to the extent provided by the drawback item recommended by the tariff board on pipe for gas pipe lines, in which case the rates now being recommended would again provide significantly more protection to the pipe industry.

I have tried to make clear the effect of items 397 and 399 and perhaps at this point it is appropriate that I should say perhaps a brief word about skelp which is the basic material in item 384.

Mr. McIlraith: I have one or two questions I want to ask. Would the minister prefer me to ask them now?

Mr. Fleming (Eglinton): I will finish this up quickly and then take my hon. friend's questions. On skelp the tariff board recommended a most-favoured-nation rate of 10 per cent but since the rate of 22½ per cent on the finished pipe recommended by the tariff board was being reduced as a result of the GATT negotiations with the United States to 20 per cent it was considered appropriate to reduce the rate on skelp from 10 per cent

to 7½ per cent to provide the offset that I have mentioned to the manufacturers of pipe.

The last thing I should like to mention is the amendment to item 399. I have indicated the effect of the amendment so perhaps I might read it now and then ask my colleague, the Secretary of State, to move it. The motion is:

That resolution No. 5 of the budget resolutions relating to the Customs Tariff be amended by deleting therefrom item 399 and by substituting therefor the following:

399. Pipes or tubes of iron or steel, more than 10½ inches in diameter, and fittings and couplings therefor, for use in the transmission of natural gas to points of distribution or in the transmission of crude oil: British preferential tariff, 10 per cent; most-favoured-nation tariff, 15 per cent; general tariff, 30 per cent.

Perhaps my colleague, the Secretary of State, would move that amendment.

Mr. Courtemanche: I so move.

The Deputy Chairman: As the resolution is in *Votes and Proceedings* may I dispense with reading it?

Some hon. Members: Agreed.

Mr. McIlraith: I have one or two questions arising out of the minister's remarks. I understood him to refer to the measurement 10½ inches in diameter as the well established differential between the two types of pipe. The tariff board made a finding on that which I interpret very differently. As I read their finding, they said it was merely a historical point at which the Canadian mills developed the capacity to manufacture pipe of that size, and in effect their finding was that the old items, 397a and 397b, had been changed in accordance with the changed capacity of the Canadian mills. I gave the reference to that a few minutes ago, page 43 of their report.

In their report they recommended that we go further than that because a substantial change from 16 inches to 36 inches in the capacity of the Canadian mills took place during the tariff board hearings. No government prior to the hearings would have made a change in the tariff item because the capacity of the Canadian mills had not changed.

Coming to the drawback item applicable to the minister's argument, I take it that he was referring to 1018a. I think that is right. I wanted to point out one or two facts to the house that I think are relevant. The first is that that drawback item was only applicable to pipe 16 inches or more in diameter. That means that in effect it was only applicable to pipe not made in Canada. They could just as easily have used the language, "of a size not made in Canada", because 16 inches was the largest size made in Canada in 1955 when that drawback item was put in the tariff, as I understand it.

Mr. Fleming (Eglinton): With respect, I think my friend is in error there. If you look at page 40 of the tariff board report you will see that under 1018b the size of more than 16 inches in diameter applies only to pipes or tubes electrically welded. It was confined to that.

Mr. McIlraith: That is my whole point. The type of pipe used in the transmission of gas is electrically welded and the limitation of 16 inches is the same as saying, "of a size not made in Canada." That was my whole point. The drawback item was specifically made applicable to a size not made in Canada, and that is my understanding of the matter.

That does not deal with the other type of seamless pipe which is used as oil country goods. That same argument was not applicable to it. It did not have that limitation which was equivalent to "of a size not made in Canada." I should like the minister to address himself to that point. If you follow through the drawback item you will find that as to 1018a there was no corresponding drawback item on the raw material going into pipes of that size if they had been made in Canada but that in 1018, which dealt with oil country goods or seamless pipe, there was a corresponding drawback item in the raw material because they were made from a different raw material.

Mr. Fleming (Eglinton): Mr. Chairman, I do not think there is much I can add to what I have said with regard to the diameter of 10½ inches. It was well established before under the old tariff as a point of difference between large pipe and smaller pipe. Following our negotiations with the United States, and I have indicated the difficulties we encountered there, we have simply reverted to the existing definition with respect to pipe more than 10½ inches in diameter and the rates which have hitherto been applicable thereto.

As I understand it, the hon. member for Ottawa West is arguing that there should be more protection for Canadian manufacturers of pipes and tubes than is available to them under the resolution.

Mr. McIlraith: No, that there should be the same protection as was recommended by the tariff board.

Mr. Fleming (Eglinton): Does my friend take objection to what we are doing on the ground that it provides too much protection

or too little? I thought my friend was following the same line of argument as the hon. member for Welland, that Canadian manufacturers of pipes and tubes were now being left without as much protection as they should have.

Mr. Benidickson: I do not believe the minister and his advisers have properly utilized the value of this tariff board report No. 119. The tariff board went into this matter very thoroughly, and I realize that some of the ministers best advisers have to be all over the world at various times of the year and cannot consistently and steadily study some of these problems. You will find in the middle of page 43 of the report that it says:

> It appears to have been the policy of succeeding governments in Canada to alter the diameter specified in the main items, 397(a) as Canadian production came into being—from two inches and smaller in 1897, to 10½ inches as at present.

I do not know why the administration is sticking to 10½ inches as a criterion. After the tariff board has given careful study to this matter, you will find this reference—this is after examining all the people interested in the industry—at page 43, and I quote:

> —pipes of the seamless type are now made in Canada by Page-Hersey up to and including seven inches in diameter; pipes welded (by various processes) actually are manufactured at present up to 16 inches and in the near future will be produced up to 36 inches in diameter.

My question is, if the tariff board attempts to give advice why do we stick to the old nomenclature in so far as some of these changes and departures from the tariff board recommendations are concerned? That is one point.

The other point that prompted me to rise was that we are dealing with item 397. It is inevitable that in dealing with 397 we would also have to consider 399 and, with the consent of the committee, we also held up item 384 in the basic iron and steel group. I do not think it will prove, in the end, an inadvisable step because we will pass them in a group. But with respect to 397, which is covered by recommendation 3A of the tariff board report I was going to raise a question as to where fittings and couplings might be found. The board recommended that these be included with pipes and tubes at the same rate.

I recall the minister, in his budget speech, reviewed some of the activities of the tariff board respecting these and other tariff item changes. He said that the recommendations that would come to us at this time would involve a simplification and consolidation of a great number of tariff items that probably were no longer needed in the quantity that existed in that big tariff schedule. The tariff board referred to this particular item and said that since the proposed item provides for no distinction as to the diameter of the pipes to be admissible thereunder it will not be subject to varying rates on the basis of that criterion as is the situation at present under the many tariff items which, in the event of the adoption of item No. 3, will disappear from the schedule. In other words, the public would receive a much more condensed and simplified tariff schedule, but the minister has not accepted that recommendation. I rise, therefore, to ask, where do we find fittings and couplings? I think the minister, in his very helpful expositions tonight indicated that that will probably be found in item No. 400 rather than as the board recommended—

Mr. Fleming (Eglinton): It is found there.

Mr. Benidickson: —in 397. But I raise this question. If fittings and couplings had appeared in 397 as recommended by the tariff board, the British preferential rate would have been 12½ per cent, whereas under 400 it is 15 per cent. I say this is another insidious form of increasing tariffs against the importation of goods from Great Britain prior to a time when we are asking these people to get together with us on commonwealth trade agreements. I just wonder if the minister would explain why he did not accept the recommendations of the tariff board and why he has, as in so many other items of this schedule, rather insidiously increased here and there the tariffs against the British.

Mr. McMillan: I just want to ask the minister one question. What would the duty and drawback be, if any, on electrically welded pipe of 12 inches in diameter? The minister referred earlier to the fact that because of a decrease of 2½ per cent in the duty on skelp, it was a write-off for the most-favoured-nation duty of 20 per cent on that item. I suppose he meant a decrease from the tariff board recommendation, is that right?

Mr. Fleming (Eglinton): May I deal with the last point first, the point raised by the hon. member for Welland? There is no change in the present resolution with respect to the rate on electrically welded pipe of 12 inches in diameter for the transmission of gas.

Mr. McIlraith: There is no drawback now?

Mr. Fleming (Eglinton): No drawback, not at the present time. The rates remain at British preferential, 10 per cent, and most-favoured-nation, 15 per cent.

Dealing with the point raised by the hon. member for Kenora-Rainy River on 397, may I say that this is the basic pipe item and has no limitation in it at all with respect to the

diameter of pipe. It applies to all pipe, regardless of diameter, except the pipe that falls under item 399. It is quite clear that the British preferential rate is 12½ per cent and the most-favoured-nation rate is 20 per cent.

Mr. Benidickson: If it comes under 400 it will go up to 15 per cent.

Mr. Fleming (Eglinton): I am coming to 400. The only item that takes any pipe out of the general scope of 397 is 399; that is perfectly clear. There is the only place where the limitation is drawn in respect of diameter. I do not know what more I can say in regard to this diameter that was chosen. It is true that Canadian mills are capable of producing pipe and are producing pipe in excess of 10½ inches, but in the larger diameters, Mr. Chairman, you are then into pipe for pipe lines. This is an item which had to run the gamut of negotiations with the United States, these GATT negotiations. I think we have done quite well to hold this item in the form in which it appears in the resolution.

As to the origin of the 12½ inch diameter—

Mr. Benidickson: No, 10½ inch diameter.

Mr. Fleming (Eglinton): I am sorry, 10½ inch diameter. I have already pointed out that its origin lies in the former tariff items 397a and 397b.

I should say a word about couplings. These are dealt with under item 400 and, as has been observed by the hon. member for Kenora-Rainy River, the rates are British preferential, 15 per cent; most-favoured-nation, 20 per cent. There is no difference in the most-favoured-nation rate as compared with item 397. There is an increase of 2½ per cent in the British preferential rate over that provided in item 397. The explanation simply is that we had very strong representations from Canadian manufacturers with regard to the harmful effects they would suffer if the rates on couplings were reduced to 12½ per cent. They were just the kind of representations that have been received by the hon. member for Welland, which he has put before the house tonight, and the same kind of views as those put before the house by the hon. member for Ottawa West.

Mr. McIlraith: There is just one point I wish to make. In referring to item 399 I think the minister used the expression that he wanted to hold the line on oil pipe transportation lines and that the rate of duty was now going to be the same as it was under item 399.

Mr. Fleming (Eglinton): As amended.

Mr. McIlraith: Yes; as amended. If he is going to hold the line in that way, I would point out that what he has done is not to hold the line for the persons concerned with oil transmission but he has put an increased tariff on the raw material. That is a matter of some concern when we start increasing the cost of production. Under item 384 we have put an increased tariff on the skelp going into the manufacture of the pipe covered by item 399. Hence if the minister was holding the line—and I am using the expression he used—he should have gone a little bit further and said that he was having the pipe companies hold the line but that he was not having the holding of the line done by anyone further down in the manufacturing business, such as the primary steel producers. I wonder whether he would care to comment on that point.

Mr. Fleming (Eglinton): So far as the rate on skelp is concerned, it is true that there is an increase of 2½ per cent proposed here in comparison with the existing rate. But what we are proposing here is nonetheless 2½ per cent less than the tariff which was recommended by the tariff board.

Mr. McIlraith: The point on which I am picking the minister up is as to the reason why he kept item 399 as it was. He said he was holding the line for the oil industry.

Mr. Fleming (Eglinton): To continue, Mr. Chairman, I might have added to what I was saying in reply to my friend the hon. member for Kenora-Rainy River with regard to couplings under item 400, that when he points out—I was about to say "complains", but I am not sure whether he is complaining about it—

Mr. Benidickson: At this stage we are trying to get information and reasons for departure from the tariff board recommendations.

Mr. Fleming (Eglinton): He points out that the B.P. rate that is recommended, which is 15 per cent, is 2½ per cent above the rate recommended by the tariff board, but nevertheless it represents a substantial reduction as compared with the rate hitherto in effect.

Mr. Benidickson: But the board took that into consideration.

Mr. Fleming (Eglinton): The B.P. rate on couplings has been 20 per cent. What we are recommending now is a B.P. rate of 15 per cent.

Mr. Benidickson: I have just one other question. It arises from the observations that the minister made when we were discussing drawbacks, to which we shall probably come later. I think item 1018 referred to a drawback only with respect to

pipe for transmission of natural gas. There were many debaters who followed the minister in the meantime but did I understand him to say that, notwithstanding the fact that the drawback item was restricted to gas transmission there had been a practice of remitting under another provision of the law the import duties paid by those that are engaged in the transmission of, shall we say, oil? I was not aware of that.

Mr. Fleming (Eglinton): That is what I indicated.

Mr. Benidickson: That equalizes the situation which, when I was looking at these documents, I thought was not equalized.

Mr. Fleming (Eglinton): Yes. The remission was made under the Financial Administration Act.

The Deputy Chairman: Shall item 397 carry?

Mr. Caron: I just wanted some information on item 396. I think there was a duty of $5 per ton under the B.P. tariff and now it is 7 per cent on a certain type or pipe. What would be the difference?

Mr. Fleming (Eglinton): Would my hon. friend care to indicate what particular type of pipe he has in mind? This item 396 contains a re-grouping of two former items with various rate. Would my hon. friend care to be more specific as to the type of pipe he has in mind?

Mr. Caron: I personally do not know anything about pipes. The only thing that surprised me was this. There was a duty of $5 per ton and it has been changed to 7½ per cent. Suppose we take as an example a pipe of any type and compare the price of it previously and the price it would cost today to get it in Canada?

Mr. Fleming (Eglinton): I am told that this change might mean a slight increase, but not a great difference.

Mr. Benidickson: I think the tariff board report indicated that the products under this item have a value of—and of course that is two years ago—between $130 and $160 a ton.

Item agreed to.

Item 397a agreed to.

Customs tariff—397b. Corrugated metal culvert pipe, quoted or not: British preferential tariff, 12½ per cent; most-favoured-nation tariff, 15 per cent; general tariff, 30 per cent.

Mr. Benidickson: This item has no reference to the tariff board report. Am I right in thinking that? This is just a rewording of some kind?

Mr. Fleming (Eglinton): Yes; it has not any reference to the report.

Item agreed to.

Item 398 agreed to.

Mr. Fleming (Eglinton): Perhaps this would be an appropriate point at which we might carry item 384 which was held over from resolution 3.

Item 384 agreed to.

Resolution 3 agreed to.

Items 398a, 398c, and 399 as amended agreed to.

Customs tariff—399a. Pipes or tubes of iron or steel, commonly known as "oil country goods", being casing or tubing and fittings or couplings therefor, for use in connection with natural gas or oil wells: British preferential tariff, 5 per cent; most-favoured-nation tariff, 10 per cent; general tariff, 20 per cent.

The Deputy Chairman: Shall this item carry?

Mr. Benidickson: No, Mr. Chairman. On this one I want to ask what prompted the minister to recommend a most-favoured nation tariff rate of 10 per cent instead of 7½ per cent as recommended by the tariff board? He has explained some of his difficulties in negotiating, by reason of GATT obligations, with the United States. But this seems to be a new impost against the United States. How did he get away with that at the same time that he found the U.S. people were being rather hard with him on some other items under negotiation.

Mr. Fleming (Eglinton): As to item 399a applicable to what are known as "oil country goods", the tariff board recommended an M.F.N. rate of 7½ per cent. Following the publication of their report strong representations were received from the Canadian industry urging that this type of pipe be made subject to the rates of duties recommended for pipe generally, namely B.P. of 12½ per cent and M.F.N. of 22½ per cent. The item that is proposed in the resolution represents an increase of 2½ per cent in the M.F.N. rate recommended by the tariff board, with no change in the B.P. rate.

Mr. Benidickson: This was a bound item, was it?

Mr. Fleming (Eglinton): No, this was not a bound item previously, and I think my hon. friend will appreciate that is probably the reason—

Mr. Pearson: —you got away with it.

Mr. Fleming (Eglinton): We made the change.

Item agreed to.

Items 399a, 399b, 399c, 400, 400a, 410b, and 410d agreed to.

Customs tariff—410g. Articles for use in the metallurgy or smelting of iron, namely: machinery and apparatus for sintering or nodulizing iron ore, concentrated or not, or flue dust; machinery and apparatus for use in the construction, equipment and repairs of blast furnaces for smelting iron ore, such machinery and apparatus to include hot blast stoves and burners, blast piping and valves connecting the blowing engines with the furnace, scale cars, charging and hoisting apparatus, blast furnace gas piping, cleaners and washers; parts of the foregoing, not including structural iron work, valves ten and one-half inches or less in diameter, nor pipes of iron or steel:

British preferential tariff, free; most-favoured-nation tariff, 5 per cent; general tariff, 5 per cent.

Mr. Benidickson: Now we are back to the utilization of dimensions and another differentiation from the recommendation of the tariff board; is that consequential?

Mr. Fleming (Eglinton): This diameter applies not to the pipe but to the valves; valves 10½ inches or less in diameter.

Mr. Benidickson: Yes, but the tariff board was prepared to recommend an item without diameter being specified. Why is this restriction inserted. The minister's answer could also deal with 410z.

Mr. Fleming (Eglinton): The answer applies to 410b, 410g and 410z. In these items the only change from the tariff board recommendation is that valves 10½ inches or less in diameter will continue to fall under these items and the effect of the tariff board recommendation would have been to exclude such valves from these items with a consequent increase in the rates of duties up to 20 per cent in the case of brass valves and 10 per cent to 17½ per cent increase in the case of valves of iron or steel.

The other machinery item, 410d, differs from the tariff board recommendation in that the item proposed will continue to cover machinery and apparatus of a class or kind not made in Canada but used in connection with the maintenance and testing of gas and oil wells.

The tariff board had recommended that these words be dropped since they were largely inoperative because of the existence of item 848 (1). To a large extent that is true, but to retain the coverage of the item for those goods not coming under item 848 (1) these words are being retained in item 410d.

Item agreed to.

Items 410z, 848, 848a and 848b agreed to.

Resolution as amended agreed to.

6. Resolved, That schedule B to the Customs Tariff be amended by striking out items 1017, 1018, 1018a and 1028, and the enumerations of goods and the rates of drawback of duty set opposite each of those items.

Mr. Benidickson: Would the minister just put on record the change in the tariff rates which will result from the elimination of the 50 per cent drawback, which hitherto applied respecting items 1018 and 1018a. In other words, assuming that we pass all these items, what was the old rate after drawback and what will be the new rate for the items affected?

Mr. Fleming (Eglinton): I am informed that the required answer to that question would be extremely complicated and detailed. My friend will have some idea of the nature of the necessary reply if he will refer to page 36 of the report of the board where he will see that some ten different headings are involved. Perhaps if it is his wish—

Mr. Benidickson: I am prepared to let it pass at the moment. It did seem to me, however, that I had worked out the amounts but I cannot find my calculation. I think that between now and the presentation of the bill it would be possible for the minister to inform the house as to the nature of the change in the effective rate on gas transmission pipe.

Resolution agreed to.

7. Resolved, That schedule A to the Customs Tariff be amended by striking out tariff item 554b, the enumeration of goods and the rates of duty set opposite that item, and by inserting therein the following item, enumeration of goods and rates of duty.

Customs tariff	—	British preferential tariff	Most-favoured-nation tariff	General tariff
554*b*	(1) Woven fabrics composed wholly or in part of yarns of wool or hair, n.o.p.	20 p.c.	27½ p.c.	40 p.c.
	and per pound,	20 cts.	30 cts.	35 cts.
	Provided, that the total duty leviable shall not be in excess of per pound	60 cts.	.....	.....
	(2) *Woven fabrics composed wholly or in part of yarns of wool or hair and weighing not less than twelve ounces per square yard*	20 p.c.	27½ p.c.	40 p.c.
	and, per pound	15 cts.	30 cts.	35 cts.
	Provided, that the total duty leviable shall not be in excess of per pound	55 cts.	.....	.....

(Translation):

Mr. Allard: Mr. Chairman, with regard to item 554b, I thank the Minister of Finance (Mr. Fleming) for accepting the tariff board's recommendation of a slight increase in the rates of this item. I also very greatly appreciate his stating, in his budget speech of June 15 last, his intention to amend the definition of the term "dumping" so that the value of the price of foreign products shall include production costs, and a reasonable margin for sales costs, carrying charges and profit.

As the present discussion relates to the textile industry, I take this opportunity of commending the Minister of National Revenue (Mr. Nowlan) on adding 40 more assessors to the staff of the various customs offices in this country.

To come back to item 554b, I may say to the Minister of Finance that the increase, slight as it is, applies particularly to the British preferential tariff. We also note that there has been no increase in the most-favoured-nation rate nor in the general rate.

I therefore ask the hon. Minister of Finance to give further consideration to the possibility of increasing those rates in the interests of our textile industry.

(Text):

Mr. Wratten: Mr. Chairman, I feel I should make a few brief comments under this item with respect to the textile industry and the effects of the tariff upon one of the big mills in my home city of Brantford. What I have to say is in no way a criticism of the minister, because I am sure the changes are the result of tariff board recommendations, but I do wish to draw to the attention of this house some of the problems faced by the textile industry in my constituency—

Some hon. Members: Order.

Mr. Wratten: There are wide differences in the rates of wages—

The Deputy Chairman: I must ask the hon. member to stick right to item 554b, which has to do with woven fabrics. We are dealing with specific items and cannot talk on the principle of the bill at all.

Mr. Wratten: Under item 554b the British preferential tariff has been increased from 50 cents to 60 cents, while the others are not changed. I would suggest that British competition is not the reason for the difficulties in the textile industry in my city, but that it is rather the imports from such countries as Italy and Japan which are playing havoc with that industry. Such countries are not affected by the changes in the tariff, and my point is that the wages paid in those countries differ widely from those paid in Brantford. The average wage in our textile mills—

Some hon. Members: Order.

The Deputy Chairman: I must bring the hon. member back to the item.

Mr. Wratten: These figures are very pertinent to what I am trying to bring out and certainly the number of employees—

The Deputy Chairman: I am sorry, but I cannot allow the hon. member to bring in figures of employees or anything of that nature. We must stay with the specific item.

Mr. Wratten: I would like to ask the minister, and through him the government, if the government would ask the tariff board to go over the tariff regulations so far as the most-favoured-nation classification is concerned. I believe this comes under GATT. My purpose for this request is to see whether they cannot bring in another recommendation to increase tariffs against these foreign countries so that our home factories will be able to continue operations and keep their employees at work. I would point out that if these factories are not kept in operation we will have a considerable number of men out of work—

Some hon. Members: Order.

Mr. Wratten: These men in the textile industry—

The Deputy Chairman: Order.

Mr. Wratten: I am sorry, Mr. Chairman, but that is the point I wanted to bring out, but if I cannot speak of the number of men who are going to be out of work if these factories are closed down there is no point in my saying anything further.

Mr. Benidickson: Mr. Chairman, I made some reference to this item when I spoke in the budget debate. The minister introduced it in his budget speech of June 17 and he said this was just a weeny bit of a tariff change. The *Financial Post*, in an article, subsequently estimated that the effect would only be to add perhaps three cents a pound to the cost of imported British cloth. But I pointed out at that time that to me the significance of the item was that it indicated a trend, a desire and an intention. I said that beyond that, and maybe more important than that, it would probably cast quite a chill on the forthcoming commonwealth conference because we were in this very small way adversely affecting an export from Great Britain—an export which happens to be Britain's principal export to Canada.

We had a visit from the Prime Minister of the United Kingdom. I heard all members of this house, and particularly members on the Conservative benches, cheering and applauding the Prime Minister of Great Britain when he came to this North American continent and was beyond everything else advocating that we should have economic interdependence, freer trade and lower tariffs. It was just four days later that the Minister of Finance brought in this somewhat chilling trade item—the budget papers in so far as this very important customer of Canada is concerned. As I see the change, it is not something particularly significant in itself—three cents a pound on cloth. I cannot for the life of me see how that would give anybody here a "fighting chance", as some people have said, for survival. As a matter of fact the tariff board itself looked at this, as we imagine they would, very carefully. They had previously considered it, but the new government forced them to look at it again. I just want the committee to be very clear about exactly what the tariff board had to say with regard to the possibilities open to them in this area. On page 42 of their report, with respect to wool fabrics, the board says this:

> Whether or not the Canadian taxpayer should further assist by increased tariff protection the domestic wool cloth industry is debatable, unless, of course, it be on the grounds of national security.

This is the point I want to make. The tariff board recommended this rather nominal increase more or less under pressure from the government to give the matter reconsideration. I said the increase was not significant in itself, but it is very obvious in reading the report of the board that a policy with respect to protection or otherwise for this industry having regard to Canada's other advantages in trading of other products is doubtful, and the board, in its report on page 43, says this:

> Apart, however, from the question of security, in respect of which cost to the taxpayer in peace presumably would not be a prime consideration, the matter of the maintenance in a healthy state of a wool cloth industry in Canada seems essentially one of high policy.

In other words, a decision of this nature rests upon the government. It is the government which must decide whether or not a three cent increase per pound is to be followed by a further increase of substance which might prevent the perhaps inevitable erosion that was predicted not only in this report of the tariff board but in the former report also.

I am simply going to say that I think there has been considerable ineptitude in the timing of the government in its attitude toward this question. They profess to be the party which has the highest regard and consideration for imperial preferences and for special conferences and trade within the commonwealth. We all recall that there was a bit of a muff just prior to the Mont Tremblant conference last autumn when this reference to the tariff board respecting woollen goods was made within a few days of the discussions between members of this government and their counterparts who came here from Britain to discuss the opportunity of widening trade.

Now we are again to have a commonwealth trade conference held in this country, and it is a great honour to have it here. But our government has attacked a trading item with Britain which happens to be that country's biggest export, and I suggest that this is an item worthy of very serious consideration by this committee and by the government.

(Translation):

Mr. Pigeon: Mr. Chairman may I be allowed just a few words to call the attention of the house to the fact that the constituency of Joliette-l'Assomption-Montcalm is one of Canada's largest textile centres. In so far as that industry is concerned, the city of Joliette is one of the most important centres in this country. Indeed Pinatel Piece Dye Works and Consolidated Textiles Limited operate large mills in this community, employing large numbers of workers.

I congratulate the Minister of Finance for having raised the tariff on woollen imports from abroad. This will substantially assist the textile industry of this country. I urge him to continue that policy in order to encourage the textile industry and, of course, the workers themselves. As it is, the textile industry has been defined as an ideal industry for this country since, (a) it is at least 50 per cent Canadian owned and (b) it employs the largest number of workers over the winter, thereby reducing seasonal unemployment, (c) it provides goods of a highly necessary character, (d) it may be set up in areas which are not as highly developed as others and, finally, it uses Canadian raw materials.

Once again I congratulate the Minister of Finance for the step he has just taken with respect to woollen goods from abroad.

(Text):

Mr. Anderson: Mr. Chairman, I was not aware that it was necessary to adhere strictly to the tariff changes, and I had prepared what was to have been my maiden speech in

defence of the woollen industry in the district of South Waterloo. However, I would agree with the ruling of the chair, and withhold my speech until a later occasion when I will be able to deal with the subject matter in a more extended way.

Mr. Benidickson: Would the Minister of Finance indicate what representations he has received from Great Britain since he announced in his budget speech that he had this present intention? We have certainly read some interesting comments in newspapers of importance in Britain, and they did not seem to think that it was a very promising inauguration or preparation for the conference on trade that is about to take place in Montreal.

Such important journals over there as the *Financial Times,* the Yorkshire *Post,* the *Economist* and others have commented upon the minister's intentions very bitterly, inasmuch as an opportunity is obviously being cut off for consultation on the lines of improving trade between one country and the other.

I do not wish to reiterate some of the things which are already on record in *Hansard,* but I think the hon. member for Mount Royal during the budget debate contributed some very important quotations from some of the most influential journals of the United Kingdom, and it is obvious that they are not taking this in good spirit. I wonder if the minister would indicate just what representations the government has received, and his view as to the extent to which it is likely to contribute to good feeling and effective bargaining at the commonwealth conference we are to have in Canada next month. This is likely to reduce the effectiveness of good feeling and bargaining at the conference that we are to have soon, in fact next month.

Mr. Fleming (Eglinton): Mr. Chairman, I shall be very brief because I hope the committee will allow the remainder of these resolutions to pass tonight in order that we may have the bill introduced tonight and circulated.

There is no need, I think, to resume the debate that we had on this subject during the course of the budget debate. There is nothing new. If the effect of the increase is as slight as my hon. friend has indicated, then it is true to precisely the same degree that any complaints that have been made in any newspaper in the United Kingdom must correspondingly have very slight grounds to justify them.

Mr. Benidickson: Their language does not suggest that.

Mr. Fleming (Eglinton): With respect to discussion between countries, I know my hon. friend does not expect these to be disclosed. These are communications between governments. We do not expect this slight increase to impede in any way the negotiations that will be taking place at the commonwealth trade and economic conference. The position on both sides of the water is clearly understood and I think it is realized that this is but an extremely modest increase that the tariff board has recommended.

Mr. Pearson: Mr. Chairman, I want to say a few words about this and I am afraid that what I have to say will take more than the five minutes that are left.

Mr. Fleming (Eglinton): Could I make a suggestion to my hon. friend? Would the committee be willing to sit past ten o'clock, if necessary, so that my hon. friend could complete his remarks and have the bill introduced tonight, or would my friend be willing to make his remarks on the bill, either on second reading or on the appropriate clause of the bill when we have it introduced? He would have the same freedom on that clause in the bill.

Mr. Pearson: Mr. Chairman, the difficulty about that is that we are opposed to this particular resolution and since we take that position we wish to establish the reason why we are opposed to it, and I do not think that can be done in the five minutes that are left tonight. This I think is the place to do it, Mr. Chairman, because we have already been informed this session that if we have any general observations to make we should make them on the resolution. This I would like to do at this stage, but I certainly cannot do it in five minutes. However, I do want to indicate in the time that is available some of the reasons why we will not be able to support this particular resolution.

The minister has said that it is a very modest, very small increase. If it is a small increase, it is not going to do very much to help the Canadian woollen industry. The minister might also have said that this increase applies only to British imports and has no effect on the most-favoured-nation clause and therefore on other imports. As it happens, and as the minister knows, the British have not even been holding their share of this market; whereas imports from other countries, more particularly from Italy, have been increasing.

We know that the minister and the government are negotiating to maintain the margin between the British preferential rate and the M.F.N. rate and, as he has already indicated to us this afternoon in connection

with another item, in that process of negotiations the proposal which they make may not come out inviolate and therefore for that reason and for a good many other reasons we are not happy about this resolution.

It may not be enough of an increase to do very much for the woollen industry but it has been enough to cause a great deal of disturbance in the United Kingdom, as my hon. friend has pointed out, at the very eve of a commonwealth economic conference which will be dealing with trade matters. It seems to me to be a pretty unfortunate essay in international economic policy vis-a-vis the United Kingdom at this time when we are proposing to interfere with the exports from the United Kingdom, on the eve of this conference, of a commodity which represents her largest export to this country, I think something like $35 million worth of goods.

There has been abundant evidence, as my hon. friend from Kenora-Rainy River pointed out, that while this may be a modest increase it has not been considered in its implications as such on the other side. Even the high commissioner of the United Kingdom, who is a discreet individual and a diplomat and normally would not have very much, if anything whatever, to say on a matter of this kind, is quoted in the Vancouver *Sun* of July 21, 1958, as follows:

> Britain's offer of free trade with Canada is still open, United Kingdom High Commissioner Sir Saville Garner said in Vancouver today.
> "It's on the table. Any time the Canadian government wishes to discuss it they'll find a ready response in the United Kingdom".

When he was asked about the British reaction to Canada's increase in wool tariff, which was announced in the minister's budget, he replied:

> "No comment".

This is the kind of comment you would expect from a discreet and experienced diplomat. Apparently his feelings were too much for him because he added:

> We were inevitably disappointed—especially at a time when the United Kingdom is trying to work up enthusiasm to come into this market.

And, Mr. Chairman, they have been encouraged by this government to work up excitement and enthusiasm. The Chairman of the National Wool Textile Export Corporation of Bradford, Yorkshire, states in regard to this increased duty:

> The Canadian tariff board's recommendation is incomprehensible,—

That is the recommendation which is embodied in this resolution. I continue:

> —especially at a time when the British share of the Canadian woollens market has been stable while the foreign share has been rapidly increasing.

[Mr. Pearson.]

The president of the Huddersfield chamber of commerce, which is in the very heart of the British woollen industry, said at the same time:

> The recommendation of the tariff board—

Which is now the policy of the government. I continue:

> —is not only disappointing, but inexplicable. Both the British and Canadian governments are expressing a desire to encourage trade between the two countries. It is not an encouragement when an increased duty is recommended on one of our largest exports.

Therefore, this matter is not considered as one of no importance in the United Kingdom especially, as I say, on the eve of the commonwealth economic conference. For this reason, and because it is not going to give any substantial help to the Canadian industry, and it is not meant to save the Canadian industry, as the tariff board report states very frankly, because, in negotiating with other countries under the M.F.N. clause, especially Italy, we can get ourselves into trouble in regard to exports from this country; for these and for a good many other reasons which I may have an opportunity to refer to on another occasion, I cannot support this resolution.

Mr. Fleming (Eglinton): Can this item be carried, on division?

Mr. Pickersgill: No.

Mr. Chevrier: Ten o'clock.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I ask the leader of the house what the business is for tomorrow? I wonder whether he can also indicate what estimates we will be discussing on Thursday, Friday and Saturday?

Mr. Green: Mr. Speaker, tomorrow we shall commence with these Customs Tariff resolutions and then take item No. 4 on today's order paper, the house in committee on Bill No. C-44, to amend the Excise Tax Act. Then we shall take items 8 and 9 on today's order paper, one having to do with amendments to the Loan Companies Act and the other with amendments to the Trust Companies Act.

It is the intention to refer these to the standing committee on banking and commerce. Then we shall go into estimates, commencing with the Department of Northern Affairs and National Resources and then labour and fisheries.

Mr. Chevrier: What about the rest of the week?

Mr. Green: We are planning to take the estimates of mines and technical surveys but not until Saturday. We may also take the estimates of the Department of Transport. I am not sure yet.

At ten o'clock the house adjourned, without question put, pursuant to the order of the house passed on August 4.

Questions

ANSWERS TO QUESTIONS

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

TRANS-CANADA HIGHWAY, MONTREAL

Question No. 122—**Mr. Rouleau:**

1. Has the federal government received representations from the provincial authorities or other agencies in the province of Quebec or in the city of St. Laurent, requesting its participation in the completion of the trans-Canada highway in the northern section of metropolitan Montreal?

2. If so, on what date were the said representations made and by whom?

Answer by: **Hon. Howard C. Green (Minister of Public Works):**

1. No.

2. Answered by No. 1.

COAL TENDERS, PUBLIC WORKS DREDGES, P.E.I.

Question No. 177—**Mr. Robichaud:**

1. Have tenders been called for the supplying of coal for the Department of Public Works dredges operating in Prince Edward Island for the year 1958?

2. If so, who submitted tenders, what was the amount of each tender and the grade of coal in each case?

Answer by: **Hon. Howard C. Green (Minister of Public Works):**

1. Yes.

2. (a) Location: Mount Stewart, P.E.I.

Requirement: 150 tons steam lump coal.

Tenders received, Arnfast Coal Co., $15.95 Springhill, $17.00 Old Sydney; A. Pickard & Co., $16.16 Springhill, $17.19 Old Sydney; MacFarlane Produce Co., Ltd., $16.40 Springhill, $17.50 Old Sydney; W. D. Gillis, $16.70 Springhill, $17.70 Old Sydney; H. B. Weeks, $17.00 Springhill, $18.00 Old Sydney.

(b) Location: Wood Islands, P.E.I.

Requirement: 100 tons steam lump coal.

Tenders received: H. R. Large & Co., $15.85 Springhill, $16.90 Old Sydney; Arnfast Coal Co., $15.95 Springhill, $17.00 Old Sydney; A. Pickard & Co., $16.16 Springhill, $17.19 Old Sydney; MacFarlane Produce Co. Ltd., $16.50 Springhill, $17.50 Old Sydney; W. D. Gillis, $16.70 Springhill, $17.70 Old Sydney; H. B. Weeks, $17.00 Springhill, $18.00 Old Sydney.

(c) Location: Murray Harbour, P.E.I.

Requirement: 150 tons steam lump coal.

Tenders received: H. R. Large & Co., $15.85 Springhill, $16.90 Old Sydney; Arnfast Coal Co., $15.95 Springhill, $17.00 Old Sydney; A. Pickard & Co., $16.16 Springhill, $17.19 Old Sydney; MacFarlane Produce Co. Ltd., $16.50 Springhill, $17.50 Old Sydney: W. D. Gillis, $16.70 Springhill, $17.70 Old Sydney; H. B. Weeks, $17.00 Springhill, $18.00 Old Sydney.

(d) Location: Charlottetown, P.E.I.

Requirement: 150 tons steam lump coal.

Tenders received: H. R. Large & Co., $16.85 Springhill, $17.90 Old Sydney; Arnfast Coal Co., $17.50 Springhill, $18.50 Old Sydney; W. D. Gillis, $17.50 Springhill, $18.50 Old Sydney; A. Pickard & Co., $18.20 Springhill, $18.20 Old Sydney; H. B. Weeks, $18.00 Springhill, $19.15 Old Sydney.

(e) Location: Murray River, P.E.I.

Requirement: 70 tons steam lump coal.

Tenders received: H. R. Large & Co., $15.85 Springhill, $16.90 Old Sydney; Arnfast Coal Co., $15.95 Springhill, $17.00 Old Sydney; A. Pickard & Co., $16.16 Springhill, $17.19 Old Sydney; MacFarlane Produce Co. Ltd., $16.50 Springhill, $17.50 Old Sydney; W. D. Gillis, $16.70 Springhill, $17.70 Old Sydney; H. B. Weeks, $17.00 Springhill, $18.00 Old Sydney.

(f) Location: Egmont bay, P.E.I.

Requirement: 60 tons steam lump coal.

Tenders received: H. R. Large & Co., $15.75 Springhill, $16.80 Old Sydney; Arnfast Coal Co., $15.85 Springhill, $16.90 Old Sydney; A. Pickard & Co., $16.06 Springhill, $17.09 Old Sydney; MacFarlane Produce Co. Ltd., $16.40 Springhill, $17.40 Old Sydney; W. D. Gillis, $16.70 Springhill, $17.70 Old Sydney; H. B. Weeks, $17.00 Springhill, $18.00 Old Sydney.

ART EXHIBITION—SELECTION COMMITTEE

Question No. 179—**Mr. Lennard:**

1. Was a committee of selection appointed in the matter of the private art exhibition to be held in October from which representative paintings will be selected for hanging in embassies abroad?

2. If so, what are the names of the committee members and who selected them?

3. If not, who compiled the list of artists invited to exhibit?

4. What are the names of the artists on the list?

5. How many paintings may be submitted by each artist?

6. How many paintings will be purchased?

7. Will the same committee that selected the artists make the selections for purchase?

8. If not, who will?

9. What amount is provided in the estimates for this purpose and under what vote?

Answer by: **Hon. Sidney E. Smith (Secretary of State for External Affairs):**

1. Yes.

2. An informal committee of four members was appointed by agreement between the under-secretary of state for external affairs and the director of the national gallery. The committee consists of the under-secretary of state for external affairs, the director of the national gallery, the associate director of

the national gallery, and Mr. G. H. Southam, of the Department of External Affairs.

3. This committee compiled the list of artists invited to exhibit.

4. The list of artists is attached.

5. Four.

6. This will depend on the quality of work submitted and the price.

7. Yes.

8. See the answer to No. 7.

9. $15,000 is provided in the estimates of the Department of External Affairs under vote 87.

List of Artists Invited to Participate in Department of External Affairs Private Exhibition

Vancouver: B. C. Binning, Bruno Bobak, Molly Bobak, Peter Aspell, W. H. Gilbert, John Korner, Donald Jarvis, Charles H. Scott, J. L. Shadbolt, Gordon Smith.

Calgary: Maxwell Bates, Janet Mitchell, Frank Palmer.

Saskatoon: Rita Cowley.

Regina: Roy K. Kiyooka, A. F. McKay.

Winnipeg: Jack Markell, James Willer.

Ottawa: Dr. A. Y. Jackson, Henri Masson, Gerald Trottier, George de Niverville.

Toronto: Jack Bush, Paraskeva Clark, A. J. Casson, Charles F. Comfort, Alan C. Collier, John Hall, Jacqueline Gilson, Phyllis Janes, Kazuo Nakamura, Carl Schaefer, William Roberts, R. York Wilson, Walter Yarwood, Marthe Rakine.

Montreal: Fritz Brandtner, Stanley Cosgrove, Jean Dallaire, John Fox, John Lyman, Arthur Lismer, Louis Muhlstock, Alfred Pellan, Goodridge Roberts, Jeanne Rheaume, Jori Smith, Philip Surrey, Jacques de Tonnancour, Suzanne Rivard, Sydney Goldsmith, M. Reinblatt, Ghitta Caiserman, Anne Savage.

Quebec: Jean-Paul Lemieux, Claude Picher, Elyane Roy, Suzanne Bergeron.

Maritimes: Alex Colville, Lawren P. Harris, Jack Humphrey, LL.D.

Miscellaneous: Claire Bice, E. J. Hughes, Tony Urquhart, Joe Plaskett.

HOUSE OF COMMONS

Wednesday, August 13, 1958

The house met at eleven o'clock.

STARRED QUESTIONS

GEORGE P. LEBLANC—ALEX P. BOUDREAU

Question No. 33—**Mr. Pickersgill:**

1. Were George P. LeBlanc and Alex P. Boudreau dismissed from the Cape Breton Highlands national park effective June 10, 1958?
2. How long had each of these employees been employed by the national park?
3. What was the reason for dismissal in each case?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Stand.

Hon. J. W. Pickersgill (Bonavista-Twillingate): On a question of privilege, Mr. Speaker, these questions have been on the order paper for a very long time. They require only factual information, and factual information which is desired before the minister's estimates come up. Surely the minister is now in a position to answer.

Question stands.

STAFF DISMISSALS, CAPE BRETON HIGHLANDS NATIONAL PARK

Question No. 34—**Mr. Pickersgill:**

1. Were John A. MacLellan, Lester Fraser, Dave Fraser and George MacLean dismissed from the Cape Breton Highlands national park effective June 27, 1958?
2. How long had each of these employees been employed by the national park?
3. What was the reason for dismissal in each case?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): The answer to the first question is no. The men listed above are still working at the park.

The answer to the second question is as follows: John A. MacLellan, continuously employed from April 26, 1955; Lester Fraser, continuously employed from October, 1955; Dave Fraser, continuously employed from January 3, 1956; George MacLean, continuously employed from May 1, 1952.

Question No. 3 is not applicable.

"CANADIAN ECONOMIC OUTLOOK, 1958"

Question No. 38—**Mr. Fisher:**

1. Was a report prepared by officials in the Department of Trade and Commerce entitled "The Canadian Economic Outlook, 1958"?
2. If so, how many copies, and to what ministers and government officials was it circulated?

Hon. Gordon Churchill (Minister of Trade and Commerce): The answer to the first question is yes. The answer to the second question is that this report was of a confidential nature and the information requested concerning its distribution is also confidential.

QUESTION PASSED AS ORDER FOR RETURN

ST. LAWRENCE RIVER-GREAT LAKES—COST OF TRANSPORTATION FACILITIES

Question No. 154—**Mr. Argue:**

1. What was the original cost of construction of the canals, locks and other facilities that comprise the main route system of canals along the St. Lawrence river and through the great lakes, giving the years in which such expenditures were made and listing the expenditures by project?
2. What was the cost of modifications made from time to time to these facilities, giving the year in which such expenditures were made and listing the expenditures by project?
3. What are the estimated total present and proposed expenditures by the Canadian government on the St. Lawrence seaway, listing the expenditures by project?
4. What are the estimated total present and proposed expenditures by the United States government on the St. Lawrence seaway, listing the expenditures by project?

CANADIAN NATIONAL STEAMSHIPS

REPORTED OFFER TO PURCHASE VESSELS BY AURA SHIPPING COMPANY

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I direct a question to the Minister of Transport. The morning press contains a statement that a Toronto firm, Aura Shipping Company, last night claimed that it made a last minute offer of $3 million for the ships of Canadian National Steamships. "Transport Minister Hees said in Ottawa that he had never heard from, or of, this firm. He did not know of any letter which Mark Rashkis, president of Aura Leasing Company, said the firm had received from him." The questions I should like to ask are whether or not this firm did make an offer, what the offer was, and why it was rejected.

Hon. George H. Hees (Minister of Transport): I expected that the hon. member would be asking this identical question, so I have a statement I am prepared to make about it.

In November of 1957 an individual signing on behalf of Aura Shipping Company, but

using the letterhead of Aurora Leasing Corporation with a Toronto address, wrote to Canadian National Steamships expressing interest in the acquisition of these vessels. They were informed at that time that the ships were not then for sale. The same individual addressed a further letter to the Canadian National in May, again expressing interest. A copy of this letter was also sent to me and an acknowledgment was sent from my office. Subsequently a decision was reached to put these vessels up for sale, and when the Canadian National issued its public advertisement inviting tenders, a copy of this notice was specifically sent to Aurora Leasing Corporation, along with a number of other companies which had indicated interest in possible purchase.

Officials of the Canadian National informed me that in response to this invitation to tender no reply was ever received by Canadian National Steamships from either Aura Shipping Company or Aurora Leasing Corporation, nor did any official of the company come to discuss the matter with officials of Canadian National Steamships concerned with this matter.

However, on July 7 the same individual wrote me again, indicating interest in this matter if the government would be prepared to pay a subsidy for operation of the service. In my reply, dated July 23, I stated that it was not the policy of the government to subsidize vessels in this trade, but that if the company were interested in purchase they should contact Mr. Bromley, of Canadian National (West Indies) Steamships, in Montreal, as the disposal of the ships was being left in the hands of the company. There is no record of any attempt to get in touch with Canadian National Steamships subsequent to this.

As regards the reported offer of $3 million from this company, as of this morning a letter was received by my department from the Aurora company asking if the government would be prepared to consider such a sum, but containing no other details. My announcement of the sale of these vessels was made in this house yesterday morning, August 12. This further letter from the Aurora corporation was dated August 12, and the envelope containing it, which I have here with me, was stamped at 9.30 p.m. in Toronto. Hon. members may, I think, draw their own conclusions from this.

Some hon. Members: Oh, oh.

Mr. Chevrier: May I ask a supplementary question after all that applause, and it is this. Did the minister receive an offer of $5 million from this firm in Toronto?

[Mr. Hees.]

Mr. Hees: I would repeat that no specific offer was ever made to the Canadian National by this company in response to the Canadian National invitation to tender which was sent to them. However, I understand that what this company contemplated in any case was not a genuine purchase, but rather an arrangement under which the company would purchase these vessels, the government would then lease them from the company, and would be required to underwrite the whole project financially, not only by agreeing to lease the vessels but also by agreeing to pay a substantial subsidy for their operation.

Mr. Chevrier: Mr. Speaker, the minister has certainly come into the house well prepared.

Some hon. Members: Oh, oh.

An hon. Member: You could take some lessons from him.

Mr. Chevrier: No. I do not think I need to take any lessons, particularly from the Minister of Agriculture, in view of the fact that he fires people without giving them a hearing.

Mr. Speaker: Order.

Mr. Harkness: I did not say a word, but I think the hon. member could still take some lessons.

Mr. Chevrier: The remark came from that direction, and the minister makes so much noise that I had reason to suppose he was the one who made it.

Mr. Harkness: Wrong as usual.

Mr. Chevrier: If the minister is so anxious to give information, would he be good enough to table the correspondence that took place between Canadian National Steamships and those tendering with reference to the sale of these ships?

Mr. Hees: Mr. Speaker, I do not know about the ethical procedure in this regard, whether all correspondence between a company such as the Canadian National and all those tendering should be made public. I will discuss the matter with Mr. Donald Gordon, and if they are willing and it is possible I shall be glad to do so.

Mr. Chevrier: May I ask a further supplementary question. Would the minister tell the house whether the purchaser, whose name I understand was Flota Maritima Browning, includes any Canadian citizens, and whether directly or indirectly there is Canadian ownership in the purchaser's corporation.

Mr. Hees: Mr. Speaker, I do not know whether they are or are not.

ATOMIC ENERGY

UN REPORT ON EFFECTS OF RADIATION—SUSPENSION OF TESTS

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I should like to direct a question to the Prime Minister. Can the Prime Minister say whether the interdepartmental committee has completed its study of the recent report of the United Nations dealing with the effects of atomic radiation? In view of the statement in the report that even a small increase in radiation is dangerous to the human race, can the Prime Minister say whether Canada is now pressing for the suspension of further nuclear tests?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I would like to thank the hon. gentleman for having given me notice of his intention to ask these two questions. My information is that the interdepartmental committee has completed its study, and I hope that tomorrow the Minister of National Health and Welfare will be able to deal with this phase of the question.

As to the second part of the question may I say that following the report of the United Nations scientific committee which was set up by the general assembly in December of 1955, full consideration will be given to the suggestions therein. That committee was composed of scientific experts from 15 nations, including Canada, to consider the general question of the relationship of this hazard to an agreement on the cessation of nuclear tests. The viewpoint of the government has been frequently expressed, and that viewpoint is that a political agreement on the suspension of atomic tests would be desirable. In that connection I would like to point out that I dealt with this matter on April 16 last in the following words:

> My hope is that the nations of the free world will announce in the immediate future their desire and willingness to discontinue nuclear tests, except for the application of known explosive techniques to peaceful purposes, provided that there is suitable international supervision.

I made that statement in the course of an address delivered to the Canadian Press in the city of Toronto, and it still represents the viewpoint of this government. We do not underestimate the difficulties of reaching an agreement on the cessation of tests. We must at all times bear in mind the very important considerations of western security; and if the U.S.S.R. desires and is willing to accept what has frequently been suggested as a sound basis and as a preliminary to the cessation of such tests, a necessary element as I see it, in order to secure agreement in this direction would be the recognition by the U.S.S.R. of the principle of international supervision.

Inspection will assure security and when security is assured action should certainly be taken in this connection. While the U.S.S.R. today says it is very much in favour of the cessation of tests, it must not be forgotten that the expression of this viewpoint by the U.S.S.R. was preceded by a succession of tests, and only after numerous such tests did the U.S.S.R. say that it was suspending tests.

I believe that the achievement of agreement on cessation of tests is necessary, and to that end we shall bend our every effort. At the same time we must be sure that through supervision and inspection on both sides the promise of cessation will be assuredly maintained.

NATIONAL PARKS

PRINCE EDWARD ISLAND—INQUIRY AS TO DEVELOPMENT

On the orders of the day:

Mr. J. A. Macdonald (Kings): I should like to address a question to the Minister of Northern Affairs and National Resources. Is the government considering the establishment of a national historic park in Prince Edward Island and, if so, what progress has been made to this end?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): I would like to thank the hon. member for having sent me this question yesterday. The question of establishing Fort Amherst or Fort LaJoie as a national historic park has been considered by the historic sites and monuments board of Canada at different times since 1920. At its last meeting in May, 1958, the board, which advises me on all historic matters of national moment, considered favourably the establishment of a national historic park on the island.

As the matter of establishing such a park depends upon the province providing the land free of encumbrance to the federal government, I wrote on June 25, 1958, to Premier Matheson saying that if the province acquired a suitable tract of land and was prepared to turn it over to the federal government free of encumbrance, I would be prepared to recommend that this land be accepted in trust by the nation and developed as a national historic park.

As yet I have not had a reply from Premier Matheson to this letter.

Inquiries of the Ministry

NATIONAL DEFENCE

LOW-FLYING AIRCRAFT—COMPLAINTS OF PUBLIC INCONVENIENCE

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to a minister who, I know, subscribes to the doctrine that every Canadian's home is his castle. Has the Minister of National Defence received any complaints with respect to inconvenience and annoyance occasioned Canadian citizens by the low flying of jet aircraft over towns or other populated areas?

Second, if information as to the place, date and time of such low flying is supplied the department, can the Royal Canadian Air Force identify the plane causing the annoyance and, if so, what action is taken to protect the quiet enjoyment of life which is the right of every Canadian citizen?

Hon. G. R. Pearkes (Minister of National Defence): Yes, Mr. Speaker. From time to time complaints have been received, and provided there is sufficient information given an investigation is carried out to determine whether there has been any breach of the regulations. If there has been any breach of the regulations, disciplinary action is taken against the parties concerned.

HOUSE OF COMMONS

DOMINION RIFLE SHOOT—REFERENCE TO HON. MEMBER FOR COLCHESTER-HANTS

On the orders of the day:

Mr. Robert Muir (Cape Breton North and Victoria): Mr. Speaker, I should like to direct this question to the Minister of National Defence. In view of the creditable showing yesterday by the hon. member for Colchester-Hants at the Dominion Rifle Association shoot at Connaught ranges, when he posted 74 points out of a possible 75, would the minister consent to assign him as a bodyguard to accompany the hon. member for Essex East on his tour of the Middle East?

Hon. G. R. Pearkes (Minister of National Defence): I should like to take this opportunity to congratulate the hon. member on his skill at rifle shooting; but if he accompanies the hon. member for Essex East to the Middle East he will have to go unarmed and without expense to the public. In those circumstances I think the two hon. members concerned had better arrange details.

[Mr. Hamilton (Qu'Appelle).]

AVAILABILITY OF NEW "PARLIAMENTARY GUIDE"

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I should like to direct a question to the Secretary of State but before I do so I should like, with your permission, to apologize to the house for misinforming hon. members about the Parliamentary Guide. It came to my notice after I made an observation on August 2 that in fact the Parliamentary Guide for the last parliament did come out. It came out at a time when I at least was otherwise occupied, and never came to my attention. What I wanted to ask the Secretary of State—and again I recognize that this is an unofficial publication but I understand it is subsidized—was whether he had any information with respect as to when the new Parliamentary Guide is going to be available.

Hon. Henri Courtemanche (Secretary of State): I shall inquire and let the hon. member know.

BRIDGES

NIAGARA RIVER—STATEMENT ON GRANTING OF DOMINION CHARTER

On the orders of the day:

Hon. Henri Courtemanche (Secretary of State): Mr. Speaker, I wish to answer a question which was directed to me by the hon. member for Niagara Falls on August 6.

No application for incorporation under part 1 of the Companies Act has been made to the Department of the Secretary of State. I would expect that if incorporation were to be obtained it would be by special act of the parliament of Canada, or perhaps of Ontario.

GRAIN

APPLICATION FOR INCREASED HANDLING CHARGES—ESTABLISHMENT OF BUYING PRICES

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I should like to direct a question to the Minister of Trade and Commerce. Can the minister say whether he has yet received a report from the board of grain commissioners as a result of the application made by the elevator companies for increased handling charges? Is he able to assure the country that there will be no such increase this year?

I wonder if I might ask the minister a second question; whether the wheat board has yet been able to establish buying prices for grain this year and, if not, whether those prices will be established within the next few days.

Hon. Gordon Churchill (Minister of Trade and Commerce): In answer to the first part of the question, I have not yet received such a report from the board of grain commissioners. In answer to the second part, I have been advised that the wheat board has established buying prices for the various grades of wheat it sells, and an announcement to this effect will be made very shortly.

Mr. Argue: A supplementary question. I wonder if the minister is able to say now whether those buying prices will be the same as last year or whether there would be some differences.

Mr. Churchill: When the announcement is made and the prices are published a comparison can be made with the prices for last year, but I have not got the figures in my head now.

FINANCE

CONVERSION LOAN—INQUIRY AS TO PERCENTAGE HELD BY INDIVIDUALS

On the orders of the day:

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, I wish to address a question to the Minister of Finance. Now that the announcement has been made that over half the victory bonds have been turned in for conversion, is the minister able to supply us with any information with regard to the percentage of these turned-in bonds which were held by individuals?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, no such figures are available as yet. It will probably be after the campaign is over before there will be time to complete such figures, but there are some indications already in the light of the returns that have been made. I indicated when this campaign was launched that according to the best estimates available—which cannot be absolutely precise having regard to the fact that many of the bonds are in bearer form, but having regard to the individual bonds, the number of pieces of paper outstanding—the best estimate of those qualified, I believe, to form a judgment in these matters was that there are two million individual holders of these outstanding Canada victory bonds. I am told that in the light of the recent returns that estimate has been confirmed.

Mr. Regier: Mr. Speaker, may I ask a supplementary question. Did the minister say two million individual bondholders or two million bonds held by individuals?

Mr. Fleming (Eglinton): Mr. Speaker, I said two million holders of the bonds. We are dealing with amounts here in the aggregate sum of $6,400 million. I said at the beginning, and I repeat for the information of the hon. member, that the original estimate which I gave publicly was that there are two million individuals, that is, not including corporations, provinces or municipalities, but two million individuals, holding Canada victory bonds, and I repeat also for the hon. gentleman's information that according to the information now being received that estimate is confirmed.

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, the minister has indicated that he has information to the effect that approximately two million individuals hold bonds that would be open for conversion. What is the estimated value of those bonds?

Mr. Fleming (Eglinton): Mr. Speaker, I said that an estimate had been made by those who in my opinion are competent to do so; but as to the exact amount, I am not prepared to give a figure at this time.

Mr. Benidickson: The minister said he was not able to give the house any information with respect to the proportion of applications for conversion in the various categories. Are we to take it that so far only applications are being received and no new bonds are being issued?

Mr. Fleming (Eglinton): Mr. Speaker, I thought my hon. friend was aware that delivery of the new bonds begins in September. The actual new bonds are not handed to persons applying for conversion at the present time. The procedure is to take the old bonds in and delivery of the new bonds will be made later as the campaign proceeds. There has not been an attempt under the pressures of this campaign to take off exact figures as to the amounts in the four categories that those who are converting their bonds are taking. The emphasis at the present time is on pressing the conversion to a successful conclusion and the results thus far, I am happy to say, are extremely gratifying.

There will be an opportunity after the pressures of the campaign are over to reckon up precisely the amounts of the four categories that the converting bondholders are taking. There are 5,000 agencies that are reporting each day on the conversions that are being made. I think my hon. friend will appreciate that it would be a waste of manpower to attempt to catalogue those precisely every day, but I can tell him that the reports I have received are to the effect that a gratifyingly substantial proportion of the bondholders are selecting the 25-year maturity.

Mr. Regier: Mr. Speaker, I have a further supplementary question. I am sure that the minister would like to reflect on his previous answer. Does he not realize that two million individuals would represent half the households in Canada?

Mr. Speaker: I think it unnecessary to answer that question, which is obviously an argument rather than a request for information.

WAYS AND MEANS

The house in committee of ways and means, Mr. Sevigny in the chair.

CUSTOMS TARIFF

7. Resolved, that schedule A to the Customs Tariff be amended by striking out tariff item 554b, the enumeration of goods and the rates of duty set opposite that item, and by inserting therein the following item, enumeration of goods and rates of duty:

Tariff Item—554b (1) Woven fabrics composed wholly or in part of yarns of wool or hair, n.o.p.: British preferential tariff, 20 per cent; most-favoured-nation tariff, 27½ per cent; general tariff 40 per cent; and, per pound: British preferential tariff, 20 cents; most-favoured-nation tariff, 30 cents; general tariff 35 cents.

Provided, that the total duty leviable shall not be in excess of, per pound: British preferential tariff, 60 cents.

(2) Woven fabrics composed wholly or in part of yarns of wool or hair and weighing not less than twelve ounces per squared yard: British preferential tariff, 20 per cent; most-favoured-nation tariff, 27½ per cent; general tariff 40 per cent; and, per pound: British preferential tariff, 15 cents; most-favoured-nation tariff, 30 cents; general tariff, 35 cents.

Provided, that the total duty leviable shall not be in excess of, per pound: British preferential tariff, 55 cents.

Mr. Pearson: Mr. Chairman, when the house rose last evening I was making some observations on this resolution, and during them I indicated that we in this party would not be able to support it. The resolution, which is based on a report of the tariff board, brings up not only the whole question of the position of the woollen industry in Canada but has a bearing on our trade relations with the United Kingdom. We in this party are very conscious of the fact that on every conceivable occasion the government professes its devotion to anything that will increase trade between our country and the United Kingdom. This particular resolution will certainly not have that effect. Perhaps it does not go very far in increasing the protection against British woollens. Perhaps it is no wolf in sheep's clothing, but its implications both in respect of trade with the United Kingdom and in respect of protection generally are important. It is primarily because of these implications that we are opposed to the resolution.

[Mr. Fleming (Eglinton).]

The report of the tariff board on reference No. 125 on which the resolution is based, gives a great deal of information, statistical and otherwise, about the Canadian woollen industry before it makes the recommendation it does. Anyone reading that report must, I think, be struck by the fact that the members of the board seemed pretty uncertain and not too confident in respect of the recommendations they were making.

In their report they indicate, and present a good deal of evidence to support the indication, that for a good many years now the woollen industry in this country has been declining. There are many figures which bear out that statement. In 1946 there were 100 woollen mills in Canada. By 1950 that number had been reduced to 85 and in 1957 it was down to 54. In 1946 there were 9,900 Canadians employed in this industry and by 1957 that number had been reduced to 5,729. As a whole the operations of the industry are unprofitable in spite, I think one should add, of the efforts of the industry to operate efficiently. There is indeed a declining market. That is shown by the fact that in 1948 47 million yards of woollen fabrics were sold in Canada and in 1956 that figure had gone down to 37.9 million, and the per capita consumption of wool cloth had gone down from 3.78 yards in 1948 to 2.36 yards in 1956.

All this, of course, is primarily due to a lessening demand for wool fabrics in favour of other materials, a demand which has nothing to do with imports at all. It is quite true that over recent years there have been increased imports of woollen fabrics into Canada, but that increase in imports—and I mentioned this last night—has not come from the United Kingdom, which is the only country affected by this change of duty, but from other countries which are not affected by it at the present time; particularly Italy and to some extent Japan.

Despite the increase in imports of woollen goods and woollen fabrics since 1954, the United Kingdom has supplied a decreasing proportion of our needs. In 1954 some 92 per cent of our imports came from the United Kingdom. In the first half of 1957 only 75 per cent came from the United Kingdom. As I have already indicated, Italy has been the big gainer with regard to the increase in imports, and Italy is not affected by this change. Italy has gone from 232,000 pounds in 1954 to 1.4 million pounds in 1956.

We have been informed by the minister that, because that is a bound item under GATT, steps are being taken to preserve the existing margin of preference by renegotiating the most-favoured-nation duties with Italy and, I suppose, other countries.

As the minister pointed out last night, when you go into that kind of negotiation you have to give concessions as well as get them. We do not know what concessions will be required from Canada.

Italian competition, which is increasing in importance in this country, I suppose arises to a large extent from the skilful use of Italian material and the lower cost of operation as compared with Canada, as well as from the styling of Italian fabrics in the low-price field. All these things have had an important influence in extending the market in Canada for Italian goods. If that extension is to be interfered with by negotiation under GATT, and presumably that will have to be done if the margin is to be preserved, the Italians have it within their power to ask for concessions or to retaliate against us.

There at once comes to mind, and I have no doubt there will be other members on our side who will emphasize this, the fact that Italy is an important market for Canadian products, especially fish products. We would certainly not want to support any action which would prejudice that market.

The trend, then, in the Canadian woollen industry, as I have indicated, has been downward in recent years. In 1956, although there had been a good year in the previous year, 1955, there was a drop of 2 million yards in the woollen fabrics shipped from Canadian mills, even though the total demand in that year had increased. I repeat that it is not the inefficiency of the Canadian woollen industry which is responsible. Indeed, the Canadian industry has already improved its efficiency since 1954, and there is a higher amount of cloth now shipped from the mills per worker. Certainly the reason is not excessively high wages in the Canadian industry. Of course the wages here are higher than the wages in Italy and higher than the wages in some other countries, but the woollen industry has one of the lowest paid groups of workers in Canadian manufacturing. If you compare the average weekly earnings for workers in the woollen industry in 1956 with the average for all manufacturing industries in Canada, you find the wool figure is $46.4 and the average for all manufacturing is $62.3.

It was in the face of this situation that the tariff board went into this question and made its findings. The industry, before the tariff board, claimed that because of its higher labour costs—they do not seem to have been excessively high—it required assistance to compete on equitable terms with its competitors. The tariff board, in examining the question, admitted the higher costs in Canada, but the tariff board went on to say:

> It is the opinion of the board that disparity in costs cannot be the sole or necessarily even an important factor in determining levels of tariff protection.

Then the tariff board examined the question—and this is of very great importance to us—upon which I have already touched, as to whether further assistance to the woollen industry in the way of increased protection would damage Canada's overseas markets. In this connection we must recall, and I think I mentioned this figure last night, that when we do something which will make it more difficult to export to this country these British woollens, we interfere with the export of the largest single commodity coming from the United Kingdom to Canada. About $35 million worth of wool was exported to this country from the United Kingdom in 1957. The tariff board had this to say on this point, and I quote from its findings:

> The board appreciates the concern of these parties that the granting of additional protection to Canadian industries would impair the United Kingdom ability to earn dollars which would in turn reduce Canada's markets for her export products.

I must say in fairness, however, that the board went on to say:

> Such cloths—

Those represented by United Kingdom sales to Canada.

> —are only a small proportion of total exports of wool cloth from the United Kingdom.

This may be true, but they represent $35 million worth of exports from the United Kingdom. Then the board went on to say this:

> The board considers that on balance it should be possible without undue harm to Canada's export trade to offer to the remaining core of Canada's wool cloth industry a better chance of survival.

That is all it was proposing to do in the recommendations which it made and which were accepted by the government, merely to offer the industry a better chance of survival. The board did not suggest in its report that the changes which were recommended would save the Canadian woollen industry. It went on to point out, as the hon. member for Kenora-Rainy River mentioned last night, that the maintenance of this industry in a healthy state, indeed its very survival, remains essentially a matter of high policy for the government, and it would not certainly be determined by any recommendations made by the tariff board which are embodied in this resolution.

Mr. Fleming (Eglinton): May I ask the hon. gentleman if he would indicate what he would propose in order to meet the needs of the situation?

Mr. Pearson: Well, I do not happen to be part of the government at the moment. Last night we asked the minister if he would indicate why the government was producing this resolution. What had it in mind? What was the basis of its policy? What determined it in accepting this resolution? If he had taken us into his confidence at that time perhaps we would have been in a better position to deal with government policy at this moment.

Mr. Fleming (Eglinton): If you have a policy you have not declared it yet.

Mr. Pearson: This is certainly no policy, and we are against it. I am proceeding to indicate why, and before I finish perhaps I might even—though it is going to be very difficult, I know—convince the Minister of Finance that in putting forward this particular recommendation as government policy, all he is doing is getting the worst of both worlds.

The tariff board obviously debated with itself as to the wisdom of granting the kind of assistance which would preserve this industry. On page 42 of the report it had this to say:

> Whether or not the Canadian taxpayer should further assist, by increased tariff protection, the domestic wool cloth industry is debatable—

Then the board went on to raise three considerations upon which the assistance might be justified. I thought perhaps the minister, if he had bothered to speak on this matter last night, might have indicated whether these considerations weighed with the government in accepting and putting forward the policy it is putting forward. The first consideration was national security. The board said that such a decision is a matter for consideration on strategic grounds and not one upon which this board is expected to offer an opinion, much less give advice. Nor does it presume to do so. Mr. Chairman, it would be very difficult indeed to justify the action which is being proposed on any grounds of national security.

Then the second consideration put forward by the board, also on page 42 of its report, was economic grounds. The board had this to say:

> It is difficult to see, on the basis of economic criteria alone, that Canada should keep in being, or permit or encourage to grow, an industry which appears to have little hope of competing profitably with its own competitors abroad or of maintaining its place relative to other domestic industries offering greater opportunities for growth and success.

This is a very important statement by the board on this industry. Then the third consideration put forward by the board that perhaps justified increased protection was the social factor. Having refused to pass on the national security factor and having found no justification for increased protection on economic grounds, the board did go on to say, however, that the industry has, and I quote from page 43 of this report—

> —a social significance which, while it may lack substantial economic grounding, is not something that may be dismissed, even in these spacious times, as of no consequence to the nation.

Then further at the same page:

> It is an aspect of an economic problem in respect of which only "high policy", in the most literal sense of the phrase, can be expected to come to judgment.

In the light of these factors, or in the light of these considerations, what will the action recommended by the government do to meet them? Certainly this action will not, quoting again from the report of the board, "put the industry on easy street". It will not, according to the board, "keep the industry in being, as a going concern, for an indefinite period in the future". It will not grant, according to the board again, "the protection it (the industry) sought and argued for at public hearings". The protection recommended will give the industry a—

> —measure of assistance that will permit it to continue to fight for its existence, at least until such time as there may be enunciated, by the proper authority, a carefully considered decision in high policy regarding the future of the Canadian wool cloth industry.

In other words this is a kind of stop-gap recommendation on the part of the government, something tentative until something else can be worked out. The policy that is recommended in this resolution will not save the Canadian industry. If it will not save the Canadian industry, what will it do? As I said last night, it prejudices our trade relations with the United Kingdom on the very eve of a commonwealth economic conference about which my hon. friends talked so much as being such a hopeful development in commonwealth economic relations. Surely it is a depressing prelude to the conference to take action of this kind, which will do little or nothing to save the Canadian industry but which will offend and anger the United Kingdom on the eve of this commonwealth conference.

I gave some examples last night, some observations by the high commissioner of the United Kingdom in Canada and by two leaders of the British woollen industry, which show that this particular action has distressed, disappointed and irritated them on the other side. Coming as it does after all the fervent declarations we have heard from the other side of the house about the desire of this

government to increase trade with the United Kingdom and to divert our imports from the United States to the United Kingdom, psychologically this action must have, and indeed it has, come as a shock to our friends overseas. The reaction in the United Kingdom shows the nature of that shock to be one of surprise and anger.

That is what I mean, Mr. Chairman, when I say that whatever policy we might have adopted if we had been in power, we certainly would not have adopted a policy which is designed to get the worst of both worlds. Because of that consideration, Mr. Chairman, we shall have to vote against this particular resolution.

Mr. Argue: We in the C.C.F., Mr. Chairman, feel that it is a mistake at this time for the Canadian government to move in the direction of higher tariffs, either generally or in relation to British woollens. We believe that at this time in the world's history the expansion of trade is becoming more and more important to the free world, and that everything we do in Canada and in other nations within the free world should be directed not against an increase in trade but rather toward a large expansion of it.

At various times the Prime Minister himself and other prominent men in the western world have referred to the growing Soviet trade offensive. They have said that in their judgment the economic offensive now being launched by the Soviet union and also by China is a greater threat to the western world at this time than the threat of aggression or the use of atomic weapons. If the future of western civilization is going to be tied so closely to our success or failure in bringing about an expansion in trade, surely it is not sensible, logical or in the interests of democratic society that we in Canada at this time should be moving in the direction of trade barriers.

Another reason that this increase is ill timed is the imminence of the commonwealth trade conference. If the government had sincerely felt that this move should be made; if they had felt that there should be a general increase in tariffs against goods from commonwealth countries, surely in the interests of good relations with other commonwealth countries these moves should not have been taken until after the commonwealth conference. From reading the press we know that the reaction in the United Kingdom to this very proposal has been most adverse. We know that prominent industrialists and leaders in the United Kingdom are alarmed at this apparent new trend in Canadian policy. If the government had deliberately set out to impede and block—yes, even to wreck—the coming commonwealth trade conference and the chance of its being successful, it could have done nothing to bring about this result more certainly than what it is doing now.

In the light of the wishy-washy, weak-kneed report of the tariff board, I do not know why the government acted at all. The tariff board weighed both sides very carefully in considering what should be done. Then apparently one small grain of sand tilted their judgment on the side of recommending these tariff increases. With such a pale and innocuous recommendation, the government acted. All that fact suggests to me is that the government will give extremely rapid and sympathetic consideration whenever there is a suggestion that trade barriers be increased. However, I see little or no indication that the government is prepared to act in the opposite direction and reduce trade barriers.

In the history of this nation the Conservative party has been known as a high tariff party. As soon as the Conservative party obtain the reins of office they use their power to increase tariffs and provide impediments to trade. In the light of the government's many promises with regard to its intention to do everything possible to expand world trade and to expand commonwealth trade, Canadians generally all hoped that the government would be moving in the direction of reducing trade barriers, even in the light of its history; but apparently the forces within the Conservative party who believe that protectionist measures should be increased are in the saddle, and they have moved in this direction. Many Canadians also felt that since the Prime Minister himself as a private member of this house, both inside and outside of this house has for many, many years expressed his support of a reduction in tariffs and the freeing of commonwealth trade, this government would not be acting as it is now acting.

I have said that the report of the tariff board on the woollen industry was on both sides of the matter. It did not seem to take a very strong stand either way, though it did seem to recognize some of the very great difficulties now faced by the industry. On page 43 of the report I find the following statement under the heading, "Social Significance of the Industry":

> But—the wool cloth industry is here. It has a social significance which, while it may lack substantial economic grounding, is not something that may be dismissed, even in these spacious times, as of no consequence to the nation. This aspect of the situation is one which, upon humanitarian grounds alone, cannot be written off as plants or equipment can be written off; it is an aspect of an economic problem in respect of which only "high policy", in the most literal sense of the phrase,

can be expected to come to judgment. The industry is, by and large, a small town industry. Very often, even today, it is the industrial backbone of semi-rural communities. It is currently giving employment to several thousand Canadians and affording the means of sustenance to their families. Partly because of its long association with scores of localities, it is part of the warp and woof of Canadian life. Often, in its own area, it provides the only openings for skilled or semi-skilled labour.

That is an enunciation of the importance to the Canadian economy, in particular to certain sections of the economy, of the wool cloth industry as it now exists. But did the tariff board do anything? Did they recommend anything to maintain the position of the industry and keep it healthy? It admits that it has not, because on page 44 one finds the further statement that the board is not prepared even to recommend tariff treatment that might within reason be expected to keep the industry in being and as a going concern for an indefinite period in the future. So with all the bad things which flow from what the government is now doing, those who work in the woollen industry cannot from the words of the tariff board take very much encouragement from what is being done, because the tariff board says in effect that little or nothing should be done to save this industry.

As our nation progresses and as we improve our technology through the years certain industries are bound to be adversely affected; certain industries are bound, if nothing else is done, to become depressed industries. The textile industry is certainly not the only industry in Canada which is being affected in this way; we know that this applies to the coal industry and to the gold mining industry. With fixed prices their costs go up, and the gold mining industry is having greater and greater difficulties.

We in the C.C.F. have great sympathy, not for the companies, not with respect to their profit and loss statements and not with respect to the return on investment, but we have sympathy for the people who work in those industries. We feel, as was said in a previous debate, that when the government undertakes to institute policies ostensibly to help an industry, as it has done for example in the gold mining subsidy, consideration should be given to whether or not such help will result in an improvement in the position of the workers in that industry, and will not be pocketed by the company so that the workers from that point have to negotiate with the company to try to get, if they can, a fraction of the aid given.

I would like to see a full national inquiry into the textile industry, into the coal industry, into the gold industry and into the other depressed industries in this nation. I would certainly include agriculture, particularly on the prairies, as a depressed industry.

An hon. Member: The pulp and paper industry?

The Chairman: Order. I regret to interrupt the hon. member, but we are not at present dealing with matters concerning general conditions in the gold industry, the pulp and paper industry or any other industry. We are at present discussing a resolution with respect to the textile industry, and I would ask the hon. member to please confine his remarks to that resolution.

Mr. Argue: Mr. Chairman, I had been saying that I felt a full scale inquiry should be made into our depressed industries, and I had in mind in the first instance the textile industry, which is the industry we are discussing by way of this item. I have mentioned certain other industries, but I agree that any extensive statement or reference to other industries would be out of order under this item.

What I was endeavouring to say was that I would not wish to see one policy adopted for the Minister of Finance (Mr. Fleming) for adopted for other industries which are also depressed. The objective I would have in recommending such an inquiry would be to enunciate a policy based on whether, after full investigation, it was felt that the industry should be maintained at its present level or that it should be expanded or contracted; but that in any movement of Canadian resources into or out of such industry there should be full consideration of the effects in order to make certain that there should be the minimum of hardship suffered as a result of any changes made.

I believe that if adequate plans were made it would be possible for workers, when their transfer became necessary to some other industry, to effect that transfer without any loss of their property or standard of living. What happens now is that they are sacrificed by the industry which is in difficulty, and there is resultant human hardship. Even if the tariff is increased by the government it is not likely, as stated in the report, to result in any real alleviation of such hardship. In the past the C.C.F. has moved motions in this house asking for inquiries to be made in somewhat the same way I am now proposing in order to see whether or not some type of insurance could be set up to be used by people engaged in industries obviously depressed, and where the maintaining of such industries at their present levels was questionable.

The C.C.F. has given a good deal of thought to the whole question of the textile industry on many occasions in the past, and while I do not want to bore the committee unduly

by referring in any great detail to our policy, I would nevertheless like to quote from a statement on C.C.F. policy on the textile industry adopted in this city on March 20, 1957, as follows:

The C.C.F. urges that vigorous government action be taken to rehabilitate the textile industry and to relieve distress, not only among textile workers but in communities hard hit by the textile slump of recent years. In particular the C.C.F. asks the government to:

1. Endeavour to fill defence and other government orders for textiles from Canadian plants before placing any such orders abroad;

2. Eliminate the 10 per cent sales tax on clothing so that total sales of textiles in Canada may be increased;

3. Provide for the orderly importing of textiles through export-import boards and the setting of appropriate quotas which will:

(a) enable the Canadian industry to plan for the future;

(b) guarantee Canadian consumers an economical supply of good quality textiles at fair prices;

(c) provide security for the workers in the industry;

4. Ensure fair trade practices and prohibit the unfair dumping of textiles into Canada at distress prices;

5. Supervise the prices of textiles with power to fix or limit prices if necessary, so as to ensure that neither the consumers nor the workers are exploited by the textile companies;

6. Take action to promote the modernization and increase the efficiency of the textile industry and thus to maintain wage rates and working conditions comparable with other industries;

7. Actively assist in the establishment of alternative industries in communities where plants have closed down and there is no likelihood of their reopening soon;

8. Provide vocational training for textile workers where necessary to re-establish them in other industries;

9. Provide federal aid to help workers relocate in other areas if necessary to ensure full employment.

Those were the nine points that were enunciated as proposals to meet the great difficulties which the textile industry now faces, and more particularly the difficulties now facing the workers in the industry, while at the same time keeping in mind the interests of the Canadian economy as a whole.

Before I resume my seat, I repeat that this type of proposal by the government will do little to assist the textile industry, but it may do a great deal of harm by being adopted just before the commonwealth trade conference convenes. We hope the government will even now be prepared to allow this proposal to stand and not push it through parliament during this session, because we feel that this is the worst possible way by which the administration could deal with what we all admit is a very difficult problem. We think the efforts of the government should be directed toward increasing international trade and increasing the standard of living of all the people in this country, and in that we include the workers in the textile industry.

(Translation):

Mr. Lafreniere: Mr. Chairman, it is with pleasure—

The Chairman: I am sorry to interrupt the hon. member but I have recognized the hon. member for Waterloo South (Mr. Anderson). If the hon. member for Quebec-Montmorency will kindly wait a few moments he will be next in line.

(Text):

Mr. Anderson: Mr. Chairman, I am certainly not criticizing the Minister of Finance, because he has been of great help to me with his knowledge of the constituency which I serve and the large number of woollen textile firms in my constituency, but again I draw to the attention of the committee the serious plight of the various textile mills concerned, both woollen and cotton, in my area. Three large mills have closed completely, one with a subsidiary in Barrie and another in Peterborough. I may say that these large firms employed 2,500 employees, and according to the last information I had there were only four in the plant. And I received word yesterday that the largest remaining mill in my riding will be forced to close at the end of this month unless something can be worked out during the next few days.

While the management of the various mills are grateful for the meagre increase in the British preferential tariff, no change has been made in the most-favoured-nation tariff or the general tariff, and the reason for the major portion of our lost trade lies in increased imports from Italy, and some from Japan. The effect of these large mills closing is serious, and when I think of the wonderful contribution these firms made to the Canadian economy during war years I wonder where the government would turn in the event of a national emergency for the type of materials which were supplied by two of these very large firms in my constituency. One of these firms, the plant that may close this month, manufactures more than one third of all the woollen blankets made in Canada. The other, which is already closed, turned out a very large percentage of all the uniform material required and used in all the three services.

One of the mill owners, speaking to me a few weeks ago, put it very aptly, I think, when he told me that he realized the government had to plan in advance for defence and in so doing had to spend many millions of dollars. A striking example was the development of the CF-105. And yet, he said, they did not yet even have the pants for the pilots who were to fly these planes. It is my sincere hope that the government will make strong representations to the tariff

board that more protection should be provided for the industry in Canada against imports from Italy, Japan and other countries.

The closing of these mills has caused a serious increase in unemployment. My own area has long been well known for its fine textile plants at Galt, Preston and Hespeler, and for the fine products these mills have produced. It is a pity to watch the slow strangulation of an industry which has been carried on almost since confederation, and to see large numbers of people being turned over to the ranks of the unemployed. I sincerely hope we are not to lose the know-how of third and fourth generations of the world's best textile workers, and that is what has been happening in my area, where so many have had to turn to other forms of employment. Their skill and know-how are being lost, and I urge the government to study this situation carefully and make the necessary representations to the tariff board in order to correct this serious situation.

(Translation):

Mr. Lafreniere: Mr. Chairman, it is easy to see that several members of this house are very much interested in the problems of the textile industry.

Well they might, Mr. Chairman, for there are no less than 745 textile establishments in Canada. The industry can therefore be said to be decentralized, a most important feature for the economic life of the country as a whole.

As far as I am concerned, I represent a riding where there is a textile plant, which in 1946-47, was employing about 2,000 workers and has now only 1,200 to 1,300 employees, merely on part time basis, that is, who work only three or four days a week. The same is true, Mr. Chairman, of several larger centres in Canada, particularly in Ontario and Quebec. A number of towns are in the same position as Montmorency, in the riding of Quebec-Montmorency, in that their economic survival depends on a single industry. And since, in most cases, they are textile centres, if the mills should close down, those communities would become ghost towns. That is why it is essential that the government do something to help the textile industry.

Since we are supposed to speak only about woollens, it might also be useful to mention that in Canada some 54 establishments manufacture wool textile, while 36 of them manufacture only or mainly those products. Last May that industry had 11,000 people on its pay roll, roughly 6,000 less than in 1950. It is sad to note that, in the last four or five years, some 25 factories have shut down and that others are in a shaky position.

Mr. Chairman, this general economic slowdown and this relative lack of jobs in certain areas and industries are what the tariff board had in mind when, last November it launched its inquiry which resulted in recommendations designed to make slight increases and adjustments in the customs duties on British woollens imported into Canada.

The improvement which will result from the adjustments recommended by the tariff board, since implemented by the government, will benefit the public of Canada. Of course, everybody understands that this is a temporary measure, but the government deserves to be commended for taking the only action possible in the circumstances. As everybody knows, we are going through a period where, in spite of the relatively high standard of income per capita and of national income, in spite of the growth in population and increased demand for goods, Canadian industry is losing ground instead of making any headway. Part of the explanation for this seemingly contradictory situation is the fact that world textile production has substantially increased in the last ten years. After the war, Canadian textile manufacturers could profitably market their entire output, not only in Canada but on the international market. Today, foreign producers can supply the demand on the international market at prices lower than production costs of Canadian manufacturers. Accordingly their sole outlets now are on the domestic market. But there also foreign competition is felt to the detriment of Canadian industry. For instance, in 1946, 72.5 per cent of woollens sold in Canada were of Canadian manufacture. For the first six months of 1957, that proportion was reduced to 47 per cent.

Of course, Mr. Chairman, production costs of Canadian textiles are relatively higher than they are in the textile mills of, say, England and Japan. On the other hand, production costs in the Canadian textile industry are not out of line with those of other Canadian manufacturing industries.

It is therefore pretty obvious that this important Canadian industry needs some degree of protection. Its prosperity would benefit all Canada and Canadians. Let us

therefore congratulate the government for this proposed amendment to the Customs Act and more particularly for the increase of tariff item 554b.

Moreover, as the Minister of Finance said in his budget speech of June 17 last, I quote:

> The government intends to defend Canadian producers against the practice of dumping, whatever form it may take. This will require the strengthening of the present valuation provisions of the Customs Act and their effective enforcement.

As to the increase in custom duties, it is worthy of note that, about 30 years ago, a duty of 50 cents a pound was levied on British woollens imported into Canada. That measure was designed to promote imports of some of the expensive fabrics which were then considered a British specialty, and which were not manufactured in Canada. It was felt then, and rightly so, that the regular rate would raise the price of such fabrics to more than the Canadian consumer would be prepared to pay. Since that type of cloth was unavailable in Canada, it was felt it might be unfair to Canadian consumers and also to British manufacturers.

But, since that time, the situation has undergone a radical change. Prices have gone up to such an extent, on the whole, that practically every British fabric is just as high priced today as were the most expensive ones only a few years ago. As a result, practically all the woollens entering Canada from Great Britain were taking advantage of the maximum custom duty of 50 cents a pound. This had never been contemplated by the makers of the customs tariff and it obviously discriminates against Canadian manufacturers of similar fabrics. After many representations from the leaders of the Canadian woollen industry, the tariff board recommended that the maximum duty be increased to 55 cents in some cases, and to 60 cents in some others. Those duties now apply. They will temporarily alleviate the situation of the Canadian industry.

But, as everyone knows, those changes, as well as other minor changes in the rate of customs duty are considered to be merely temporary measures, pending a complete study of the industry's problems, a study which must be made at the highest level, as recommended by the tariff board.

As I said a moment ago, Mr. Chairman, it is the government's duty to insure the Canadian industry against any kind of dumping, and, at the same time, to grant it the required level of tariff protection. That is how measures enacted by this government should be understood.

It is gratifying to see that the government has the political courage to implement the advice of the tariff board, notwithstanding the trouble which, as they very well knew, would ensue.

Under the circumstances, I believe that the government has taken a step which can help the textile industry for a time. On behalf of all Canadian workers of the textile industry, which has become necessary to our economic well-being, I express the hope that the government will continue to study that important problem with a view to finding a permanent solution capable of ensuring a long life of prosperity to our Canadian textile industry.

(Text):

Mr. Pickersgill: Mr. Chairman, I listened with great interest to the speech just delivered by the hon. member for Quebec-Montmorency, which was certainly a protectionist speech in the old Tory manner. If the government were to follow the advice of the hon. gentleman we would soon have about the same amount of trade as we had in the last year of the last Tory government. The hon. gentleman congratulated the government on their political courage in bringing forward this measure. I think, sir, that if the government had shown real political courage its members would have gone all across the country and told the people before March 31 that they intended at the first opportunity after they came into power to embark upon a protectionist policy, and the results of the election in certain parts of the country would undoubtedly have been very different.

As I said when I was speaking about this matter on the budget, at least in the old days the Tories were not ashamed of what they did. You can describe Mr. Bennett's approach to tariffs as a boastful one. The approach of the present government, the Fleming approach, seems to be a furtive one, and it is its very furtiveness, bringing in something that is supposed to be so small that it cannot possibly do consumers any harm and will make those of us who oppose it look as though we were somewhat niggling, that in my opinion constitutes the gravest danger of all of this proposal.

This view is not mine alone. I know I cannot quote views that I am not willing to endorse, and I endorse with great enthusiasm the view of Professor Walter B. Harvey,

published in that great Liberal paper the London *Free Press* on July 3. I assume the *Free Press* published this because they wanted their readers to see that there was this side to the question. The article is headed, "No Excuse for Raising Tariffs", and it says:

> The tariff changes in Mr. Fleming's budget will come as a shock to the high hopes that many Canadians had placed on the new government. Hundreds of thousands of Canadians voted Progressive Conservative last March in the hope that Mr. Diefenbaker as a westerner would not revert to the tariff raising policies that were associated with the Conservative party in the past. Hundreds of thousands voted P.C. in the hope that a party which announced its intention to increase the United Kingdom's share in our trade would do something to make such an increase easier. All those hopes have been disappointed by Mr. Fleming's budget. You do not increase Britain's share of our trade by raising tariffs on one of her most important exports.

The Halifax *Chronicle-Herald* headed its main editorial on the budget "Back to Protectionism?" This was on June 20. They had this to say:

> After some further probing into the reasons for tariff revisions contained in the federal budget this week, parliamentary news correspondents now are reporting that the Diefenbaker administration has embarked upon a definite policy of protectionism for domestic industry.

I have no doubt that the minister will get up and tell us that this is another press report that is without foundation, but unfortunately the facts are here on the other side of the case. I must say, speaking as one who spent 30 years of his life in the province of Manitoba, that I am not surprised that the minister from Manitoba is not in his seat when we are discussing this item; because I am perfectly certain that if he had gone to his electors in Winnipeg and said, "I am going down to Ottawa to raise the tariff on woollens", the results would have been very different from what they were.

Mr. Fleming (Eglinton): Perhaps my friend would allow me to say that at this moment the Minister of Trade and Commerce is attending a cabinet meeting.

Mr. Pickersgill: Oh, yes, I know; the business of parliament is arranged in such a fashion that it is no longer possible for ministers to be in their seats attending to their parliamentary duties. That was not what happened in former days. That is one of the reforms of parliament. They now have loudspeakers to listen to what goes on here.

The Deputy Chairman: Order. I ask the hon. member to come back to resolution No. 7.

[Mr. Pickersgill.]

Mr. Pickersgill: As a matter of fact I was diverted by the Minister of Finance, the minister of diversions. But whether or not the Minister of Trade and Commerce is in his seat, it is very interesting to observe that not one of all the Conservative members from the three prairie provinces has got up and said one word in commendation of the proposed increase in the tariff on woollens.

Mr. Pallett: Have you checked the trade balance recently?

Mr. Pickersgill: When the vote is taken on this item it will be very interesting to see how many Conservative members from the prairie provinces find it convenient to be somewhere else, as one of the most distinguished Conservative members in other parliaments often used to find it convenient to be somewhere else.

Mr. Pallett: Three hundred million bushels of wheat is a lot of wheat sales in one year.

Mr. Pickersgill: The hon. member for Peel, with his incomparable knowledge of our commerce, talks about the increase in our wheat sales. He has anticipated a point I had intended to make a little later but I will make it right now. My point is, and the furtive approach is all the more dangerous on this account, that the minister told us—perhaps he should not have told us; perhaps he should not have been so frank—that this was just to be the prelude to changing the most-favoured-nation tariff if he can negotiate a change because it is a bound item.

Now, sir, what country is it that exports most of the woollens to us under the most-favoured-nation section of the tariff? It is Italy. The tariff board pointed out that Italy is a large and expanding market for two of our greatest and most important primary products, wheat and fish, and it is perfectly obvious that if this tariff is increased the Italians are not going to take it lying down. The government has already succeeded in losing the market for our fish in Jamaica, and if they go on by this kind of tariff action to lose the market for our fish in Italy and we have that much more fish to be concentrated on the few markets left after these disastrous policies have been carried on for some length of time, we can see that the social position of an industry which employs far more people than the woollen industry is going to be adversely affected. The plain fact is that in my constituency and nearly all constituencies represented by members

from the Atlantic provinces there are fishermen whose main income is derived from the sale of salt codfish.

Some hon. Members: Order.

The Deputy Chairman: Order. It is all right for the hon. member for Bonavista-Twillingate to make a passing reference to that matter, but it is not all right for him to go on and make a budget speech on the fisheries.

Mr. Pickersgill: I am not making a budget speech. I am explaining, as surely is my right, why I am opposed to the passing of this item and why I intend to vote against it. I consider that to increase the tariff on wool against the British is a very bad thing in itself. I will say something more about that, though I cannot add much to what was said so admirably by the Leader of the Opposition on that point. But I say this is just part of the policy, this is just the prelude to an increase in the most favoured nation rate against a country which is an essential market for our primary producers. The only excuse the tariff board could find was that this industry had social significance. I sympathize with the hon. member for Waterloo South, and so does every decent Canadian sympathize with any hon. member who represents a constituency which is being adversely affected by the general economic policies of the present government.

Some hon. Members: Hear, hear.

Some hon. Members: Oh, oh.

Mr. Ricard: What did you do to prevent it? You did nothing.

Mr. Pickersgill: And this government is doing nothing at all. In earlier days, as was quite correctly pointed out, many more people were employed than there are now. I sympathize with the hon. member—

Mr. Ricard: It started to go down under a Liberal government.

The Deputy Chairman: Order.

Mr. Pickersgill: As I say, anyone who has any humanitarianism at all sympathizes with anybody in any part of this country who wants to work and is unemployed through no fault of his own. It is important that something be done to meet this unemployment problem. But the tariff board itself indicates that this increase will not meet the problem. The government says it is very insignificant; it cannot really have any effect on anything in Canada, but the external effects are going to be very serious indeed.

Mr. Anderson: May I ask the hon. member a question?

Mr. Pickersgill: Yes.

Mr. Anderson: Does the hon. member not recall that the cutback in the big mill from 2,500 happened during the regime of the former government?

An hon. Member: What is the question?

Mr. Anderson: My question was, does he not remember that this happened during the time of his government?

Mr. Pickersgill: Of course everyone is well aware of what the hon. member for Waterloo South has pointed out. Everybody is well aware of the fact that the textile industry in North America, not merely in Canada, has been going through very difficult times. It was for this reason my friend Mr. Harris, when he was minister of finance, made the original reference to the tariff board. I might poitn out to the hon. member for Waterloo South that the tariff board itself admits that this recommendation will do nothing effective to help this industry, but it will have the indirect effect, if it has any effect at all, of increasing costs to consumers and of jeopardizing markets for many of our most important raw materials such as fish and wheat.

Mr. Pallett: Have you looked at the recent trade figures?

Mr. Pickersgill: I listened patiently to the hon. gentleman speak for his constituents, as is his right, and I speak now for mine who will be affected not in one way, if the government carries out this policy, but in two ways. In the first place, like other Canadian consumers they will have to pay more for their woollens, and fishermen are consumers of woollens. They will have to pay more for what they buy, but they will have to go on selling in a market where we can give them no tariff protection, a market which is threatened by this very policy.

That is the point I am trying to make, that by embarking upon this policy, this protectionist policy, this restrictionist policy, this policy calculated to stop imports into Canada, the government is inevitably going to provoke retaliation which is going to affect primary producers who cannot, in the nature of things, be given any kind of special help through the tariff.

It does seem to me that this would be bad enough if it were going to be effective. When the tariff board admits that it is not going to be effective, that it is not really going to accomplish anything, it does seem to me that we are being asked here to do something which will—well, I cannot for the life of me understand why the government is asking us to do it. It may be that they feel

that by making this gesture at this time they will fob off the pressure on them from certain of their backbenchers; that may be one explanation. The other explanation is that they really believe this is an intelligent, constructive policy calculated to give Canadian self-sufficiency or something approaching self-sufficiency in the woollen industry.

The Minister without Portfolio, the hon. member for Greenwood, speaking in the budget debate described this industry—I thought he was rather shamefaced in doing so—as an indigenous industry. It is rather difficult to think of any industry that is much less indigenous. The raw material comes from abroad; the machinery in the plants come from abroad, and the skills originally came from abroad. It is certainly not by any stretch of the imagination an indigenous industry.

What is being proposed, if it is seriously intended and if the government gets away with it this time, is to provide really high protection and really to make us self-sufficient in woollens at the expense of other Canadians. If that is so I would say we are embarking upon a most dangerous course. We should know now whether we are embarking on that course. It does not matter whether you look at this from the point of view of the generality of Canadian consumers or from the point of view of those particular industries that depend upon markets abroad—the United Kingdom, Italy and Japan are the three principal exporters to us at the present time of woollen goods—it seems to me that this policy is folly. It is contrary to our interests.

I do want to say something too, though very briefly because the Leader of the Opposition has already mentioned this, about the opportuneness of this gesture. If I recall correctly, we listened from about 1950 or 1951 to hon. gentlemen who now occupy the treasury benches talking about a commonwealth economic conference. In season and out of season, every time they could find any excuse under the rules for doing so, they talked about a commonwealth economic conference.

Some hon. Members: Order.

The Deputy Chairman: I shall have to ask the hon. member not to continue discussing the economic conference.

Mr. Pickersgill: I am not going to discuss the commonwealth economic conference, because I have always preferred to discuss things that have happened rather than things that have not happened. As I was saying, in season and out of season in this house, hon. gentlemen opposite when they were on this side talked about the way in which the Liberal administration was discouraging commonwealth trade. They did this at a time when we were doing what?

Mr. Pallett: Nothing.

Mr. Pickersgill: We were lending hundreds of millions of dollars to maintain British trade with Canada after the war; removing restrictions one after another every year, and attempting to encourage trade with the United Kingdom in every way. Yet what do we find as the first positive—no, it is not positive; if anything it is more negative—action of this government? The first thing this government does, and they do it on the eve of a commonwealth conference, is to kick the British in the teeth and say we do not want your exports; we only want you to buy from us. We will let you export things to us if we are getting them from some other country.

Now, if it means anything at all that is what this step is calculated to do. It is calculated to reduce what the Leader of the Opposition pointed out was the biggest single British export to Canada, and what is their symbolic export to Canada. It seems to me we are being asked to embark upon a fundamental change in policy. The last time we did this—and this is another reason why I am opposed to it—was in the month of September, 1930. I sat in the gallery up there and watched Mr. Bennett introduce the first big increases in tariffs. We saw what happened. The trade of this country declined until it became a trickle; that is what happened.

In 1935 we embarked upon a different policy, a policy of expanding trade by every possible means. We saw that year after year our trade expanded. It would appear that in this furtive fashion we are going back to that Tory course again that will lead us into the position in which we were in 1933, 1934 and 1935. It seems to me that we in Canada should not take this dangerous turn.

(Translation):

Mr. Ricard: Mr. Chairman, coming as I do from one of the main textile centres in the province of Quebec, St. Hyacinthe, where that industry counts 18 factories, and being myself a textile employee, as I worked in one of the most important plants of St. Hyacinthe, the Goodyear Cotton Co., I cannot refrain from saying a few words on a subject dear to my heart.

I would have liked to speak in English, after seeing the crocodile tears just shed by the hon. member for Bonavista-Twillingate (Mr. Pickersgill), but, as my notes are written in French and I have only a few minutes at my disposal, I shall express myself in French.

Mr. Dupuis: He speaks and understands French very well.

Mr. Ricard: In fact, he probably speaks better French than the hon. member who just made that interjection.

The textile industry, Mr. Chairman, is one of the most stable in Canada. Employment in the textile industry, which in 1951 gave work to 98,000 people has been reduced to only 81,000 workers in 1956.

You will have noted, Mr. Chairman, that this situation occurred under a Liberal regime and those people are the very ones who today reproach the government with helping out textile workers. Yet, they did nothing at the time to prevent this situation from developing at the expense of the worker.

While in 1930, that industry was supplying 71 per cent of the national consumption, in 1957 it got only 57 per cent of the domestic market, always under a Liberal regime. From 1950 to 1955, still under a Liberal regime, foreign producers were allowed to grab 43 per cent of our national consumption. In 1948, Japan exported 0.4 million dollars' worth of textile products to Canada while in 1954, under a Liberal regime, I repeat, $4 million worth of Japanese textiles were imported into this country. In 1956, Japan exported to Canada 13½ million yards of cotton, that is, the equivalent of 5 per cent of the Canadian production. While the Canadian production of textile products slowed down by 19 per cent, the Liberal government allowed foreign producers to export 24 per cent more textile products into Canada. From Italy alone, during the year 1956, again under a Liberal administration, shipments of woollens amounted to 1,720,000 yards, that is an increase of 140 per cent over the preceding years.

Mr. Chairman, the speeches made in this house by some hon. members of the opposition show clearly that the textile industry's business had begun to decline long before the Conservative party came into power. Some time ago, the hon. member for Shefford (Mr. Boivin) said, among other things, that the Canadian production of running shoes, the manufacture of which is based upon textile products, had dropped from 3,127,222 pairs in 1949 to 1,931,178 pairs in 1955, and this was again under a Liberal administration. Again, according to the hon. member for Shefford, during the same period the importation of shoes went up from 2,000 to 2,200,000 pairs. Mr. Chairman, it is interesting, to see people who did nothing at the time, shed hot tears now over the present fate of textile workers.

I am therefore happy, on behalf of the textile workers of St. Hyacinthe, to thank the Minister of Finance (Mr. Fleming) for his stand in connection with our textile industry. About the consequences of the steps he has taken, I would like to quote an article published in *La Presse* on July 9, 1958:

> About 200 employees of the Penman's mills, at St. Hyacinthe, have been called back to work after many months of forced idleness. Mill manager E. G. James stated at the beginning of the week that production was "almost" back to normal.
>
> In a letter to the member for St. Hyacinthe-Bagot in the House of Commons, Mr. James expressed his satisfaction that the tariff board and the federal government seem concerned with the serious problems of the textile industry. He points out however that the company of which he is the manager at St. Hyacinthe is only indirectly connected with the woollen industry which at the moment is foremost in the minds of our legislators. Mr. James adds that his company is very much interested in the tariffs that will apply to the knitting industry. In conclusion, he conveys his thanks to the federal member for St. Hyacinthe, Mr. Theo Ricard, for his concern over the textile regression and the interest he has shown in ways to protect that basic industry.

Mr. Chairman, the textile industry certainly has not yet solved every problem it has to face, but I trust that the legislation introduced by this government will be such as to give more work to employees of Canadian textile mills.

(Text):

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. White: I did not intend to take part in this debate until the hon. member for Bonavista-Twillingate quoted from the London *Free Press*. He mentioned an article by Mr. Walter Harvey of the University of Western Ontario, and he tried to leave the impression with this house that the ideas expressed by Mr. Harvey were those of the London *Free Press*. I should therefore at once point out to him and to the house that Mr. Harvey is a free lance writer and that practically all the articles carried in the London *Free Press* are preceded by these words:

> The opinions expressed in this article are those of the writer and not necessarily those of the London *Free Press*.

The Liberal party, in the speeches of its members today on tariff item 554b dealing with the woollen cloth industry, has demonstrated to Canadians—both industry and labour—that this industry is expendable. This is an industry which ever since confederation has employed a large number of workers in this country. Just to give the house an idea of some of the expressions of opinion voiced by Mr. Walter Harvey, I would like to mention two such expressions of opinion which the hon. member for Bonavista-Twillingate did not quote. The first of these is as follows:

> If the Canadian producers really need a 50 per cent duty, they must be inefficient.

And secondly he has this to say in the London *Free Press* of July 3 last:

> The lower wages paid to workers in Britain, or in Hong Kong for that matter, have nothing to do with the case. The Canadian woollen industry is not in competition for labour with any industry outside Canada. Wages are high in Canada because we have some efficient industries that can pay high wages and meet all comers in the markets of the world.

I should not say that I am amazed because the Liberal party is following the policy it has verbally espoused for many long years. However, when it was in power it did not practise that policy, and in fact gave a great deal of high protection to some industries which did not need it.

Mr. Pickersgill: Would the hon. member permit a question?

Mr. White: No.

Mr. Pickersgill: That is perfectly satisfactory. I always do.

Mr. Benidickson: And he did this morning.

Mr. White: The hon. member for Bonavista-Twillingate is at his best when he is interrupting people.

Mr. Benidickson: I think he is at his best when he is interrupted.

Mr. White: However, I was just saying, Mr. Chairman, that the Liberal party has indicated to this house that the Canadian woollen cloth industry is expendable. I think it has also failed to realize that in June of 1957 and in March of this year the Canadian people very plainly told the Liberals that they had had enough of this nonsense which had been going on for 22 years and as soon as the Liberals wake up to the voice of the people they will cease saying the things they said this morning about Canadian industry.

I was also interested to hear the views of the C.C.F. party. That party stayed on the fence; it shed crocodile tears for the workers but indicated it had no interest in the industry. Where does that get us? I think the Canadian people pretty well caught up to the C.C.F. in the last two elections, and I am just waiting to see the results of the next one.

I would also like to say that I am amazed at the opinions expressed by Mr. Walter Harvey, who professes to know so much and yet in some of his writings has revealed how little he knows about the political and economic facts of life in Canada. In this article he has demonstrated a very biased political opinion.

Mr. Pickersgill: Would the hon. member now permit a question? Did I understand the hon. gentleman to say that the Liberal party had given more protection than was necessary to a number of industries?

Mr. White: Yes.

Mr. Pickersgill: Would the hon. member tell us which were those industries?

Mr. White: No, I am not going to.

Mr. Pickersgill: I did not think he would.

Mr. Fleming (Eglinton): Mr. Chairman, the debate on the proposed amendment to tariff item 554b has been very interesting and useful contributions have been made by a number of hon. members who have come to this house from constituencies in which the textile industry is a very important factor in the economy of the local area and who have spoken with great authority as to the conditions in that industry.

Speeches were also made by the Leader of the Opposition, the hon. member for Assiniboia and the hon. member for Bonavista-Twillingate. I suppose if we were thinking in terms of sport we could say that the Leader of the Opposition had undertaken to demonstrate his dexterity at skating because if ever a member skated around a question, the Leader of the Opposition this morning skated around this one. He talked about various sides of the problem but he did not linger on any one of them; he talked about the industry and said it was not inefficient but he did say, or he seemed to say, that it was in need of some assistance. He did not, however, stop there. He kept on going until he went right around in a circle and to this moment I do not suppose any member of this house knows what are the views of the Leader of the Opposition on this subject.

Mr. Pearson: Our view is that it is a bad resolution.

Mr. Fleming (Eglinton): He accused this government of making the worst of both worlds but certainly the Leader of the Opposition did his best to make for himself and

his party the best of both worlds, because he did not come down on any side of the real issue.

Mr. Pearson: We are going to vote against the resolution.

Mr. Fleming (Eglinton): He still has not touched the ground on this subject, but it was left to the right arm of the Leader of the Opposition, the hon. member for Bonavista-Twillingate, to remove all doubts as to the position of the Liberal party on this subject. And that eminent authority on questions economic and fiscal and almost everything else has been very definite today in his remarks. I suppose all members of the committee will be very grateful to the hon. member for Bonavista-Twillingate for having eked out the very evasive speech of his leader and clarified for the understanding of us all the position of the Liberal party.

Mr. Chairman, the Leader of the Opposition did not attempt to deny that there is a very serious problem confronting the textile industry in Canada today. The question would naturally arise in the mind of any intelligent and responsible person: what is to be done about that problem? But that question, though posed by the Leader of the Opposition, was then carefully dropped, and not an inkling did he give as to what ought to be done about it.

Let one thing be clearly understood in this committee: this problem grew up under the former government. I was so rash as to ask the Leader of the Opposition at one point in his remarks what he would do about it. But he turned his back on that question, and we know just as much now as we knew before he started this morning with regard to what he would do about it. Nevertheless, we can find readily at hand an answer to an associated question which may help us to know what answer the Leader of the Opposition would give had he the temerity to reply to the question I put to him this morning. This is the other question: what did you do about it when you were in power? And the answer is that they did nothing at all about this problem, though it was growing up right under their eyes.

This problem did not burst suddenly upon the Canadian economy; these difficulties did not suddenly overtake the textile industry in Canada. The difficulties which the textile industry faces today have been developing for years in this postwar period and they have been growing acute for some years past. And, Mr. Chairman, there is not one thing that hon. members opposite—the four of them who were members of the previous government—can point to as having been done by them to help to solve this problem or even to turn a helping hand to assist the textile industry. They simply ignored the problem.

I make one qualification. My predecessor, the former minister of finance, did something about this. I will not do him an injustice. He did something. But it was to take the pressure off himself and off the government. He directed a reference to the tariff board. And what a reference! He asked the board to inquire into the conditions of the woollen industry in Canada and, by no accident, he did not instruct it to make any recommendations. The tariff board, in accordance with his instructions, conducted this review and reported to the minister in February 1955 and, again, true to their instructions, did not attach to that report one single recommendation.

Why was not the tariff board instructed to make recommendations? That is a question which hon. members opposite have never answered yet, and one which they will not be able to answer. The fact is that that reference was initiated by the former government simply to take pressure off their own shoulders, and the textile industry was misled into thinking that the government was really serious in inquiring into the problems of the woollen industry. Let us clearly understand then the contrast between the irresponsible, do-nothing attitude of the former government and the steps which this government took soon after coming into office.

What member of this House of Commons who has any claim to knowing anything about conditions in Canada could fail to realize that the textile industry was in serious difficulties? The Canadian producers' share of the Canadian market had been falling, and indeed if you will look at the report of the tariff board on woollen fabrics, this recent report, No. 125, you will see it is pointed out that in 1954 domestic manufacturers supplied 62 per cent of the woollen goods sold on the Canadian market. But by 1956 and the first half of 1957 a very different situation existed. By that time Canadian producers were supplying only 48 per cent of the requirements of the Canadian market and, in contrast, imported supplies rose, as is shown on page 18 of the report, by more than four million yards in 1956 and by nearly two million yards in the first half of 1957.

Thus it is not hard to understand why the textile industry felt that their difficulties were associated with the very serious decline in the share of the Canadian market enjoyed by Canadian textile producers. What did

we do? We immediately directed the tariff board to conduct an inquiry into the whole textile industry—woollens, cottons, silks, synthetics, everything in the tariff pertaining to textiles. We asked the tariff board to make its report phase by phase as the studies were completed. And we did that which the former government chose not to do: we asked the tariff board to make recommendations. How can a report of the tariff board following an inquiry be really serious, or really effective, if it is not accompanied by recommendations based upon the board's review?

The tariff board began its work with the woollen items in the customs tariffs which was the section they had studied three years earlier. They brought their study of conditions up to date, and made their recommendations and, in the resolution now under debate, the committee has before it the amendments proposed to item 554b which have been recommended by the tariff board.

I have stressed that this problem was not of our creation. This was one more of the problems to which we fell heir when our predecessors—our do-nothing predecessors—went out of office. Surely the textile industry and the tens of thousands of Canadian workers in that industry are entitled to receive some intelligent understanding of their problems and some sympathy in the light of their difficulties. But, Mr. Chairman, if the Leader of the Opposition did not commit himself on anything today, the effective spokesman for the opposition, the hon. member for Bonavista-Twillingate, made the position of the official opposition abundantly clear. One does not need to search the speech of the Leader of the Opposition with a fine tooth comb to find out what he might have meant. All we need do now is turn to the very clear statement by the hon. member for Bonavista-Twillingate, and it is abundantly clear from his remarks that the textile industry so far as the Liberal party is concerned will be permitted to die.

Mr. Pickersgill: Rubbish.

Mr. Fleming (Eglinton): The speech of the hon. member for Bonavista-Twillingate was a pronouncement of a sentence of doom upon the textile industry of Canada.

I have something to say about this textile industry. The hon. member for Waterloo South was good enough to recall today that I have had some occasion as a native of South Waterloo, a native of the city of Galt, to know something about the textile industry and what it has meant in the Canadian economy.

[Mr. Fleming (Eglinton).]

Mr. Chairman, the textile industry has been a very important employer of Canadian workmen. The textile industry has shown in these recent years in the midst of its difficulties that it is prepared to meet the test of efficiency, for no finger has yet been successfully pointed in the course of any inquiry at the textile industry on the grounds of inefficiency. The textile industry has striven to keep ahead in a technological way of the developing needs of that industry.

I should like to tell the hon. member for Bonavista-Twillingate that the textile industry has rendered notable service to Canada in times past in days of national stress.

Mr. Pickersgill: So have the farmers and fishermen.

Mr. Fleming (Eglinton): I do not ask the hon. member to take my word for it. I have here the recent report of the tariff board, and let me remind hon. members that every one of the members of the tariff board that prepared this report was a member appointed by the former government. Not one of the members of the board that wrote the report was appointed by the present government. Here is what we find at page 42 of that report:

> In this connection, it should be stated that the record of this industry during world war II was outstanding; its contribution to the equipping, not only of the Canadian services but also those of various allies, was in every respect a splendid achievement.

Mr. Chairman, I need say no more about the notable contribution of this industry to the service of this country and its cause in days of stress.

But another important feature of the textile industry in the Canadian economy is that it has been largely a decentralized industry. It is true there are some very large textile mills in Canada, but it has been a feature of this industry that it has been largely decentralized. It has grown up as a localized industry and in that way it has contributed strength and stability to the economy of many a local area throughout this country. Let me quote again from page 43 of the report:

> The industry is, by and large, a small town industry. Very often, even today, it is the industrial back-bone of semi-rural communities. It is currently giving employment to several thousand Canadians and affording the means of sustenance to their families. Partly because of its long association with scores of localities, it is part of the warp and woof of Canadian life. Often, in its own area, it provides the only openings for skilled or semi-skilled labour.

That is the industry which the hon. member for Bonavista-Twillingate, speaking for the Liberal party, would condemn to doom and extinction. I say to the Leader of the Opposition that it is a poor way to serve the admitted needs of this industry to offer words.

This industry deserves something more than words and it will require more than words to meet its needs of that industry. It will take more than the type of attitude the Leader of the Opposition exhibited here this morning. The hon. member made no contribution whatsoever to the solution of the problem.

Let me now deal with the recommendation of the tariff board and the action the government is inviting the house to take to carry into effect the recommendation of this board. No one pretends for one minute that this modest recommendation is the solution of all the problems of the textile industry.

Some hon. Members: Oh, oh.

Mr. Fleming (Eglinton): Of course, it is not the whole solution to the problem. We are accompanying the proposal with a very important ingredient in the program of the government, namely the revision of section 35 of the Customs Act to meet the problem of dumping which has been at the heart of the problem.

Mr. Benidickson: Mr. Chairman, on a point of order, surely the minister is anticipating a debate which he expects next week.

Mr. Fleming (Eglinton): Mr. Chairman, I am not launching into that subject at all.

Mr. Chevrier: You are.

Some hon. Members: You are out of order.

Mr. Fleming (Eglinton): Mr. Chairman, I am not going into a discussion of that amendment to section 35 of the Customs Act. There will be an opportunity on another occasion. An amendment to section 35 will be introduced soon and when we are asked today to accept a cheap jibe from hon. members opposite and to believe that this amendment to section 554b of the Customs Act is inadequate in itself to meet all the problems of the woollen goods industry then we shall say at once, of course, that this modest proposal is not enough of itself but that is not the whole government program. Take the government program complete and ask yourself if it does not do a whole lot more to meet the needs of this industry than the do-nothing policy of the previous administration.

Hon. members opposite speak about the budget. Mr. Chairman, they were very selective again as they have been on many occasions of late. It will be remembered that the budget proposed measures that were carefully omitted in the remarks of hon. gentlemen opposite today when they are complaining not about the plight of the Canadian textile industry but about the plight of others in other lands. This seemed to concern them much more than the plight of the Canadian textile industry. Let me make it clear that with the utmost good will to all other countries interested in this problem our first responsibility is to Canada and Canadians.

Mr. Pickersgill: Canadian farmers and fishermen.

Mr. Fleming (Eglinton): Mr. Chairman, looking at this problem frankly as we did in the budget, what we did was this. We knew that this slight increase was not going to hurt any British exporter materially.

Mr. Pearson: They loved it.

Mr. Fleming (Eglinton): Nevertheless in the minds of some of them it may be regarded as a matter of regret. But we did something else in the budget that helped them very much. We increased the tourist exemption—

Some hon. Members: Oh, oh.

Mr. Fleming (Eglinton): —and that is going to be of considerable assistance to the British textile industry.

When questions are raised today by hon. members opposite about the commonwealth conference, does it not gladden your bosom and warm the cockles of your heart, Mr. Chairman, to find hon. members opposite, these Liberals, showing some interest at last in the commonwealth trade and economic conference?

Mr. Benidickson: Pretty heavy.

Mr. Fleming (Eglinton): What big hearts these gentlemen have today! They are filled with solicitude for the outcome of the commonwealth trade and economic conference. More moisture was on the floor of this house today than at almost any other time as their huge crocodile tears flowed left, right and centre. These are the same hon. members who not so long ago were deriding the efforts of this government to promote the commonwealth trade and economic conference.

Mr. Habel: There is no flag draped on our desks, though.

The Chairman: Order. I regret to interrupt the minister but I believe we are straying away from the terms of the resolution which is before us.

Mr. Pearson: He has never been on it.

The Chairman: It would be appreciated if we tried to keep as close as possible to the terms of the resolution before us.

Mr. Pearson: Mr. Chairman, on the point you raised, I think we ought to be as liberal as possible to my hon. friend and let him go as far as he will in this direction. We are interested in what he is saying. I think he

should be given every possible latitude in this highly protectionist speech.

Mr. McDonald (Hamilton South): Do you want the job of Speaker?

The Chairman: Order. As chairman of this committee I regret to say I must ask hon. members of all parties to adhere to the terms of the resolution being discussed at the present time and although some latitude may be permitted in debate we must respect the principle of article 59, subparagraph 2 of the standing order which says that relevancy must be observed in debate.

Mr. Benidickson: There seems to be unanimous consent.

The Chairman: Again I ask the hon. member to keep his remarks as close to the resolution as possible.

Mr. Fleming (Eglinton): Mr. Chairman, I assure you I had no intention of saying anything more about that subject than to reply concisely to remarks that have been made about it by hon. members opposite in the course of their speeches today.

Hon. members opposite had something to say about the reaction in the United Kingdom. It is true that in several of the journals there and in the case of one or two trade associations, where naturally a proposal of this kind could hardly be expected to be received with cheers, there was expression of regret at the action taken, but to picture that as a general reaction throughout the United Kingdom is not only to exaggerate but to distort the facts. I will say that if there was anything lacking in an unfavourable response in the United Kingdom whatever was lacking has been supplied by hon. members opposite, for they have spent every effort in publicizing to the utmost every unfavourable aspect of that reaction.

Mr. Pickersgill: You are now trying to stifle freedom of speech.

Mr. Fleming (Eglinton): Indeed, they have done their best to trumpet this aspect of the reaction in the United Kingdom and the hon. member for Bonavista-Twillingate was at his distorting best this morning or worst, depending on your point of view, when he said that this was kicking the British in the teeth.

Mr. Pickersgill: If the minister would prefer it I would be willing to substitute the word "stomach".

Mr. Fleming (Eglinton): So far as any statement made by the hon. member for Bonavista-Twillingate is concerned, if you wish to come close to the facts the very best thing you can do is to turn his sentence completely around, make it read exactly the opposite and you will probably come fairly close to the truth.

Mr. Pickersgill: Would the minister permit a question?

Mr. Fleming (Eglinton): My time is nearly up. I will permit a question then. I have not time to be interrupted now.

The Chairman: It is the privilege of the minister to continue his speech and if the hon. member for Bonavista-Twillingate has remarks to make he can make them after the minister has finished.

Mr. Fleming (Eglinton): Mr. Chairman, it is worth recalling that there have been some very different statements made in responsible quarters in the United Kingdom from those that my hon. friends read to the house in the course of their selective treatment of the subject. Here is a statement that has appeared within the last several weeks in the annual report of Patons and Baldwins Limited, one of the largest woollen operators in the United Kingdom. In referring to conditions in Canada they say:

> In Canada the textile trade has continued in the doldrums and it is difficult at present to see how and when recovery will come. The Canadian government have recently announced their intention to increase the duties on imports of wool cloth from the United Kingdom but to maintain, in the face of imports from other countries such as Italy, the margin of British tariff preference. Though this in itself has no immediate effect on your company, Canadian spinners have made an application to the tariff board for an increase in yarn import duties. Undoubtedly the Canadian textile industry is in urgent need of a measure of protection if it is to revive or indeed to survive.

That is the statement in the annual report of one of the largest woollen manufacturers in the United Kingdom.

There is nothing symbolic in this proposal, Mr. Chairman, as hon. members opposite sought to pretend. The concern that has been expressed in some quarters in the United Kingdom stemmed in considerable part from the fact that the tariff board recommended an increase only in the British preferential rate and did not recommend an increase in the most-favoured-nation rate which would have preserved the extent of the British preference. In the budget speech, if I may remind hon. members, we indicated that we were going to initiate negotiations with the countries concerned with a view to maintaining the preference that has existed.

There is urgency in this situation. That is the reason this amendment has been included in the recommendations submitted to the house as part of the budget.

We were told this morning that the government has adopted a high protection approach.

That is a palpable untruth. That is another of those opposition charges that have no substantiation. To make that pretence is to indulge in misrepresentation of the facts. We have shown in the course of the discussions yesterday that with reference to the report of the tariff board in connection with iron and steel items we recommended some increases and some decreases compared with the recommendations of the tariff board and the decreases were in the majority. Similarly, on pipes and tubes, in the departures we recommended from the report of the tariff board there were some increases and some decreases and the decreases were in the majority.

No one can pretend, Mr. Chairman, that the tariff on wool items is a heavy or high tariff. Let me give you these figures by way of illustration. I am not going into other aspects of the textile industry. If you take woollen fabrics summed up in percentage figures the tariff hitherto applicable to woollens has been 15 to 16 per cent. With these modest changes it will be 17 to 18 per cent. Compare that with cotton goods under the Canadian tariff. The average tariff there is 21 per cent and on synthetics 30 per cent. Have we heard complaints from hon. members opposite about these other rates? These rates of 21 per cent on cotton and 30 per cent on synthetics were inherited from them but they left the woollen rates at 15 to 16 per cent and talk about an increase to 17 to 18 per cent, a 2 per cent increase, as though it would move this item into a high tariff rate. One has only to illustrate by the reference I have made to realize that kind of talk is simply poppycock.

Let me ask the rank and file of hon. members opposite this question. Are they prepared to disregard this modest recommendation of the tariff board, ignore the needs of this industry, go blithely forward and permit the industry, if necessary, to die, as the hon. member for Bonavista-Twillingate said? He says it is not an indigenous industry and therefore it does not deserve to live.

Mr. Pickersgill: I did not say anything of the kind.

Mr. Fleming (Eglinton): He said it did not deserve to live if it could not get along with low tariff rates. That was the whole burden of his speech. What indigenous industries are there in this country by his standard? I suppose fishing, hunting and some primitive agriculture are the only indigenous industries that he recognizes.

The Chairman: Order. I regret to interrupt the Minister of Finance but I must advise him that his time has expired.

Mr. Pickersgill: I should like to ask the minister a question and then he will have another half hour. The minister said that so far as any remark of mine was concerned the opposite meaning should be taken and it would be pretty accurate. The minister objected to my saying that this resolution was kicking the British in the teeth. I offered to substitute the word "stomach". I ask the minister seriously, taking the opposite meaning does he regard this gesture as an embrace of Britain?

Mr. Fleming (Eglinton): Mr. Chairman, let us come down to facts and put aside my friend's metaphors and figures. This is not a gesture at all and there is nothing symbolic about it as he has sought to represent on this and other occasions. This is a measure that has to be judged by the house, in my respectful submission, precisely on its merits. It was not intended to have any symbolic significance other than its intrinsic merit and the effect it will have in creating a very modest increase here. In measuring the modesty of the increase, let me point out that it has been estimated, contrary to what was said by hon. members opposite about the burden this is going to throw upon Canadian consumers, that all it means is an increase of about 15 cents in the cost of the woollen material in a suit of clothes and an increase of about 25 cents in the cost of the material entering into an overcoat. In the face of that they try to pretend that this is something that is going to hurt Canadian consumers. I ask the hon. members opposite to judge this on its merits.

Mr. Benidickson: Would the minister just confirm that by the well known trade rules on yardage that apply to a suit or an overcoat?

Mr. Fleming (Eglinton): If my hon. friend wishes, I shall be glad to give him the details of that. If he wishes to know the weight of the goods that go into the suit or into the overcoat, I shall be glad to tell him. Those are the figures that have been submitted by very competent authorities.

I am not going to take advantage of the opportunity which was given to me to extend my remarks. I simply wish to close my remarks by asking—

The Chairman: I must ask hon. members to please permit the Minister of Finance to carry on his remarks. There is far too much noise in the chamber at the moment.

Mr. Fleming (Eglinton): I do not intend to proceed, I simply wish to ask a question. I will close with a question. Will certain members opposite be prepared to follow the lead and endorse the statements made today by

the hon. member for Bonavista-Twillingate? Will the hon. member for Drummond-Arthabaska endorse what was said by this member? Will the member for Beauce do so? Will the member for Cartier do so? Will the hon. member for Maisonneuve-Rosemont do so?

Mr. Deschatelets: Yes, of course.

Mr. Fleming (Eglinton): We shall watch with interest to see whether they are prepared to endorse the proposals to watch the textile industry go to the doom pronounced by the hon. member for Bonavista-Twillingate.

Mr. Crestohl: Will the minister please answer a question? If what the minister is proposing is of modest assistance to the woollen industry, why is he suddenly so modest? Why does he not go farther and give the ultimate cure by imposing an embargo on British woollens?

Mr. Ricard: So smart.

Mr. Fleming (Eglinton): I should have thought my hon. friend would have been serious in the questions he asks. I think I need say no more than that I would prefer the hon. member should be treated as a member who asks serious questions, and as this obviously could not be regarded as a serious one I will not embarrass the hon. member by commenting on it.

Mr. Pearson: I do not intend to delay the committee very long, but what the minister has said deserves some notice from this side. We who have been in this house for some time are familiar with the minister's roaring and blustering tactics in debate. We know that the roaring of the minister is generally in inverse proportion to the strength of his case. Today, while he has not reached the maximum of roaring, his case was weak enough to require a certain amount of it, and we got it.

Let us try to get behind his roars and his blusters and see what are some of the realities of this situation. As a matter of fact, we have already dealt with them, but there are one or two questions the minister raised to which I should refer. He talked about our party, and what were we doing? What is our policy? It is very noticeable, and is becoming more noticeable as the session goes on, that whenever the government gets into a difficult position they fall back on the argument, if you can call it an argument, that you had 22 years and what did you do about it. Then, whenever that does not work, and they have no policy themselves, they say, what would you do? Will you give us some ideas? But it is they who are in the position of responsibility and we should look to them for ideas. Certainly if this is the best they can do for the Canadian woollen textile industry, it is not very effective; in fact, it is not effective at all, except to get us into trouble with the United Kingdom which is the country about which they talk so much as being the one with whom we should develop and increase our trade.

As I have said already, and my colleagues have said, all the government has done in this resolution is to get the worst of both worlds. The minister's statement was interesting, and perhaps significant, because a great deal of the time he was completely out of order. He was talking about the textile industry as a whole. Nevertheless, we were very glad to have him do that, because it was quite clear from what he said—and this is one of the implications of this matter which causes us so much anxiety—that the remedy which they have seized upon to help the woollen textile industry is the remedy that they are going to apply to the textile industry as a whole, that is higher tariff protection. They are falling back, when they do that, on the traditional Tory policy. When they ask what did we do over the years let me warn the minister that the last time they were in power, from 1930 to 1935, more textile plants closed than at any other five-year period in our history. If they are merely going to apply the remedy now that they tried to apply in 1930 to 1935 the textile industry has not very much to look forward to under this government.

As we have already pointed out, the minister has made a lot of claims that this was only a small, modest proposal. It certainly is a modest proposal in so far as helping the woollen industry is concerned, but it is not a modest proposal in its implications on our trade relationships with the United Kingdom. It also might lead to other proposals which are not as modest. The modesty of this proposal, the futility and ineffectiveness of it, is shown by the fact that it deals only with the British trade. It does not touch those countries whose imports into this country of textiles are increasing while British imports are decreasing. The minister has said, and I want to be fair to him, that that matter is going to be negotiated under GATT, as is indeed required under GATT. If that is the case, surely they might have suspended action on this matter until they saw what the results of the negotiations under GATT would be in respect of imports from other countries. This is not the right way, I suggest, to deal with any measure of help to the woollen textile industry. But it is a wrong way to deal with those United Kingdom trade relationships about which they talk so much.

That is what we mean when we say that they are getting the worst of both worlds.

They are not going to save the industry about which they are talking. But they are going to hurt our trade relationships with the United Kingdom on the eve of a commonwealth economic conference, which is the one thing they have been boasting about ever since they came into office; what they were going to do to increase commonwealth trade. We know what they are going to do in so far as this particular industry is concerned, which is the one of greatest importance to the British in their exports to Canada. Furthermore anyone who considers this whole approach to the problem cannot escape anxiety over its implications in terms of higher protection for the whole textile industry in Canada.

The minister took great pleasure in referring to certain members of our party and demanding to know what they are going to do in respect of this particular matter. Let me ask representatives of farming and fishing constituencies on the other side what they are going to do about a proposal which means more protection for one industry. Moreover, the proposal does not deal with all countries affected by that industry, but merely with the United Kingdom. What are they going to do about a resolution of this kind that takes action against the United Kingdom but leaves the other countries untouched? I suggest they will be more embarrassed than any member of our party is going to be.

The minister asks, what are we going to do? I will tell him what we are going to do, we are going to vote against this resolution as a futile, feeble, ineffective gesture, a gesture which has very dangerous implications in terms of higher tariff policy and higher protection. We should have learned something about that remedy during the years from 1930 to 1935.

Mr. Ricard: Mr. Chairman, I am not very good at predicting but I have some figures which I should like to give to this house and which show what the Liberal government were doing while they were in power. In 1947, being an employee of Goodyear Cotton Company of Canada Limited, St. Hyacinthe, I may say that our production which was 18½ million pounds dropped in 1953 to 11½ million pounds.

Mr. Benidickson: Does this involve woollen goods?

Mr. Ricard: We lost our markets in Australia, New Zealand and Peru.

Some hon. Members: Oh, oh.

The Chairman: Order. I regret to interrupt the hon. member for St. Hyacinthe-Bagot—

Mr. Ricard: They do not like to learn the truth.

Mr. Chevrier: You are out of order; that is all.

The Chairman: At the present time we are discussing one definite resolution and the hon. member's remarks at the present time are out of order.

Mr. Pallett: On the point of order, Mr. Chairman, may I point out to you that the hon. member was speaking about woollen goods.

Some hon. Members: Oh, oh.

Mr. Ricard: They just do not want to hear about it.

The Chairman: All members of this house must confine their remarks to the resolution being discussed. It is out of order to discuss matters which are not pertinent to the resolution which is before us and which do not touch upon or concern the resolution being discussed at the present time. Is the committee ready for the question?

Some hon. Members: Question.

Item agreed to: Yeas, 118; nays, 32.

8. Resolved, That Schedule A to the Customs Tariff be amended by striking out tariff items 90f, 99e, 125, 128, 198c, 206c, 208, 208x, 237a, 327a, 376a, 376b, 409t, 409u, 410s, 427c, 431d, 431g, 437b, 438b, 438c, 438d, 438e, 439b, 439e, 440m, 440n, 462d, 482, 504a, 505, 505a, 505b, 597a(4), 597b, 597d, 691(1), 695d, 696a, 696c, 696d, 703, 791, 901, 902, 907 and 914, and the enumerations of goods and the rates of duty set opposite each of those items, and by inserting therein the following items, enumerations of goods and rates of duty:

Customs tariff—79g. Rose stock, not including buds not scions, for grafting or budding: British preferential tariff, free; most-favoured-nation tariff, free; general tariff, free.

Mr. Benidickson: Mr. Chairman, I previously complimented the minister for designing these items in the tariff resolution in such a way that we could deal with them as groups. We have already dealt with groups that refer to particular items of a main trade variety. We are now looking at something that comes before this committee every year in the matter of tariff changes that relate to miscellaneous items. However, I should like the minister to indicate as we proceed with these items which of them relate to negotiation or trading which has resulted from our association with GATT. I am not given very much information any more about matters of this kind but I read in the *Financial Post*, I

think just after the introduction of the minister's budget, an article by Mr. Leslie Wilson in which he said this:

> Canadian negotiators went to the GATT meetings last fall not with the idea of negotiating general decreases, but with that of getting specific increases and offering predetermined decreases as bait.

It happens that this correspondent in the press gallery for this reputable business journal indicated that in this section we were likely to find some of the concessions that had been given by Canada in consequence of some of the increases in tariff that we have previously dealt with in this committee. I should like the minister to comment upon that matter.

Mr. Fleming (Eglinton): There is a large number of miscellaneous amendments to the tariff embraced within the scope of resolution No. 8. All but two of them contemplate decreases in the tariff. There are no increases provided with respect to any of these items in resolution No. 8. Some of them were bound under GATT. One could hardly expect that there would be any objection on the part of the countries in whose favour there are to be any decreases in tariff, the kind of decreases that are proposed in this resolution.

As to the course of negotiation with any country under the GATT procedure, Mr. Chairman, it has never been the policy—and for very good reason—to trace the course of the bargaining or negotiations or to indicate what items have been traded on one hand for advantages on the other hand.

If I may, I should like to make a qualification to my statement. There are two items where there are to be increases. They are the very last ones in resolution No. 8, namely item 907 and item 914. Under 907 there is an increase from free to 15 per cent B.P. and 20 per cent M.F.N. on foamed and expanded synthetic resins, in logs, blocks, or boards, or in flakes, granules or powder. In item No. 914 there is the same type of increase proposed with respect to foamed and expanded cellulose plastics in blocks or boards, granules or powder.

Mr. Benidickson: I just thought that as we go along in these miscellaneous items the minister might indicate which of them are items that we have negotiated with other countries through our association in GATT. Perhaps he would do that. In the article to which I made reference in the *Financial Post* it was suggested that if we just go down to the fourth of some 30 items that we are now to discuss, we will find an item that it is suggested was subject to a lower rate of duty by reason of something that we gave because we wanted something in this trading relationship that is known as GATT.

Mr. Fleming (Eglinton): I fully appreciate the problems which my hon. friend's question has raised, but while some of these items are bound, that does not mean they entered into the scope of negotiations at all.

Mr. Benidickson: Oh no.

Mr. Fleming (Eglinton): I am told with respect to a number of these items which were bound that they did not enter into the scope of negotiations with the United States at all.

Mr. Benidickson: I do not particularly refer to the United States. I simply say that we in the opposition naturally have little official knowledge these days of the details relating to items described in such particular form as we have before us.

I said to the minister last night that in previous days, as I recall it, I was always provided with a memo from the officials in the department who were giving full time to this kind of work, and I think invariably in those notes provided to me when I was on the other side there was an indication respecting the tariff items which were or were not bound items as a result of GATT negotiations. I thought therefore that the minister, in order to be fair, as I know he wants to be, might as we proceed indicate which items are and are not involved in our GATT tariff relationships.

Mr. McIlraith: Did I understand the minister's remarks to indicate that where he was able to, say, negotiate an increase in a tariff item, he was not willing to disclose to this committee what he had to give up in return for that increase? Did I understand him to say that?

Mr. Fleming (Eglinton): It does not work out just that way. We do not necessarily trade a specific item for something else. We have brought to this house the net result of all these negotiations up to the present time regarding these various classes of items in the Customs Tariff which are the subject of the recommendations of the tariff board. The results are now before the house and it would be a mistake to infer that the negotiations reach the point where something specific on the one hand is exchanged for something absolutely specific on the other.

We are here presenting these items in their totality, and we do not attempt to trace the course of the negotiations down to the minute details or to specific items of negotiation. As I have indicated, it has not been the practice to do so and it would be unwise to say anything about the course of the negotiations or the details of the bargaining

between two countries in such a way as has been suggested. It would be harmful to our future bargaining negotiations.

Mr. McIlraith: Mr. Chairman, I am not asking about negotiations which are pending; I am asking about negotiations which have been concluded with respect to any such items, and my understanding of the practice is a little different from the minister's understanding. That is why I want some clarification on this matter. As I understand the practice of this house under the former government, it was to bring before the house at the conclusion of any negotiation a statement involving the giving of a list of items for which we were successful in getting an increase and, at the same time, a corresponding list of the concessions we had to make. In other words, if there were advantages—if one can call an increase an advantage—to be gained by way of increase, at the same time a statement was given to this house indicating the list of concessions we had to make.

Mr. Fleming (Eglinton): I think there has been some misapprehension on the part of my hon. friend who is, I believe, referring to the original negotiations, the net result of which was a series of tariff reductions on the part of both parties. That is very different from the matter of negotiation at a later stage involving concessions during the period when the agreements are running. It has never been the policy, as I am reminded, to segregate the items in negotiations or bargaining in either case, that is to say, as to the benefits received or the concessions given.

Mr. Benidickson: Did my hon. friend refer to future or past negotiations?

Mr. Fleming (Eglinton): I am referring to past practice.

Mr. Benidickson: I know, but to past negotiations?

Mr. Fleming (Eglinton): Yes, I think my hon. friend from Kenora-Rainy River was under a misapprehension when he referred to his own experience in that regard. I think he referred to the same thing referred to by the hon. member for Ottawa West, namely the original negotiations, the outcome of which is a series of reductions on the part of both parties. I am told it has never been the practice to make detailed reports on the negotiations carried out during the time when agreements are in effect, in cases where negotiations have been carried out in order that a change might be made on the one hand which involves the giving of a concession by the other party. I might also say that the resolution now before the house embodies the results of concluded negotiations. There are no negotiations which have been concluded which are not embodied within the resolution now before the house.

Mr. Benidickson: Perhaps, Mr. Chairman, but has the minister yet indicated to the House of Commons and to the people of Canada the negotiations which, say, took place in 1957?

Mr. Fleming (Eglinton): I reported on the negotiations in the budget speech I made to this house. Those negotiations had been carried out on this series of reports of the tariff board, and the negotiation results are embodied in the resolution now under debate. There are no other negotiations which are completed. I referred in my budget speech to one matter concerning another tariff board report which is not included in the budget resolutions. In that case negotiations are pending but there are no others which have been concluded.

Mr. Benidickson: Yes, that is fruits and vegetables. That is perfectly true, but my hon. friend in that reference was looking to the future, and we cannot perhaps at the moment, under our laws, probe the minister's negotiations in that sphere although we are naturally very interested. I am concerned, however, about the negotiations which have taken place, shall we say, within the last year and upon which we would expect to receive a report.

Has the attention of the minister been drawn to the report given by the previous minister of trade and commerce, Mr. Howe, when on June 14 of 1955, as recorded at page 4750 of *Hansard* for that date, he gave a very complete report as to the give and take which was involved in negotiations with respect to GATT for the period concerning which parliament and the public were entitled to information.

Mr. Howe on that occasion had this to say:

> Mr. Speaker, . . . I wish to make an announcement about some tariff negotiations which have recently been concluded in Geneva. These negotiations have been carried out under three headings,—

Of course, one was with respect to a new entrant into the GATT arrangement, Japan, but something which is of more interest is the following:

> —to give effect to the desire of some other countries to renegotiate certain increases in tariff rates bound under the general agreement;
>
> 3. I am reporting on renegotiations in certain Canadian tariff rates which are bound to other countries under the agreement.

And at that time he tabled before the House of Commons the results of this give and take over the years as a result of our partnership in this large association of nations in a trading sphere under GATT. The detail

is to be found in an appendix to the *Hansard* of June 14, 1955 entitled "The results of tariff negotiations at Geneva". I am not going to repeat this information for the benefit of the committee, but I am certainly going to say that under separate headings and in very valuable detail we find here in item (c), after a reference to the concessions given to the new entering partner, Japan, a reference to concessions by the United States to Canada. Then under (d) a reference is made to concessions by Canada to the United States.

This practice was followed in 1956 by the then minister of trade and commerce, and I refer to the June 7, 1956 copy of *Hansard*, page 4972. The then minister of trade and commerce, Mr. Howe, did just what was done in 1955 and this information is available to all members who care to read it. I want to quote just a few words of the minister spoken at the time he was tabling this document for the information of the public and the House of Commons. He said:

> The agreement concluded between Canada and the United States is one of the major agreements resulting from this conference. The concessions that could be made by the United States were limited by United States legislation to maximum tariff reductions of 15 per cent spread over the next two years.

In an aside I questioned whether it was two years or three. I understood that the executive had never been given more than a 5 per cent discretion, and I think 5 per cent is a discretion which has been under consideration within the last few days in the United States congress with regard to tariff reduction and it has now, probably, been passed.

But to continue with my reference to what the minister of trade and commerce at that time said in the House of Commons. He went on:

> Also there were a number of items, particularly in the agricultural and fisheries fields, on which the United States was not prepared to negotiate at this time. Within these limitations, however, we have concluded an agreement which should be most satisfactory to both countries. The fact that the United States concessions would be implemented in three stages was, of course, taken into consideration fully by our negotiators in determining the nature of the concessions Canada could justifiably grant. Canada has obtained maximum concessions on a large number of products including various chemicals, certain metals, some agricultural items and a number of manufactured products and machinery.

Mr. Broome: Is that the detailed report you were talking about?

Mr. Benidickson: No, I will refer the hon. member to that. It takes up many pages and shows the full information which was available to parliament and the public. If he will refer to page 4834 of *Hansard*, going on from there he will find, I think, eight pages setting out the detail, to page 4841. And now, if the hon. member will allow me, I will continue, simply to show the type of information which was given to the members of the House of Commons under the previous administration by the minister of trade and commerce. Further, he said:

> I am sure the house will welcome this agreement as a further step in our joint effort to reduce trade barriers between Canada and the United States.

Then, further, on page 4793, the former minister said:

> In multilateral negotiations which involve reductions in most-favoured-nation tariffs, it is customary for both Canada and the United Kingdom to alter certain of the tariff preferences accorded to the other. Most of the reductions in margins of preference of interest to Canadian exporters in the United Kingdom are relatively minor. There were, of course, opportunities for informal exchanges of views on matters of common interest between Canada and the United Kingdom as the negotiations progressed.

The hon. member who just rose gave me the opportunity to point out that the details were again found as an appendix to *Hansard* of that date. We again find, in 1956, the details outlined according to product and according to the rate of tariffs showing the concessions obtained by Canada and the concessions granted by Canada as a result of the negotiations which occurred that year by reason of Canada's participation in the general agreement on tariffs and trade.

I am concerned about why we have no information with respect to the year 1957. I realize, of course, that these reports were produced in parliament by the previous administration in June of 1955 and in June of 1956. We all know what the circumstances were in June 1957. I anticipate some applause which has not developed. However, we did have a session after June, 1957, and to my knowledge we have not had any information given us similar to the outline which I have given respecting 1956 and 1957. Indeed when in our discussion yesterday I raised this question in all my innocence—because, I frankly admit, I did not recall this experience —I asked the Minister of Finance, as recorded on page 3435 of *Hansard*, whether he would indicate what he did trade, finally, in respect to the items that we had under discussion and with respect to such items as are before the committee at this moment. The minister replied:

> It is not customary to indicate the various stages in the bargaining. We might have to bargain again with the United States at some time, and I think the hon. gentleman will realize that the practice in this respect is a sound one—not to attempt to retract the various stages in the bargaining.

We are not particularly asking the minister about the course of his bargaining at the moment, although he has announced in his budget speech that he is negotiating with certain countries on items which are bound by GATT agreement. We had a short while ago a discussion on the possibility of negotiations with respect to woollen items in the most-favoured-nation category, particularly with respect to Italy. The minister referred to this in his budget speech, and I am not going to go into that question. I do not think our laws particularly require the minister to tell us what he is doing in this respect. But I do assert that the broad statement which was given to us yesterday is not a proper one, and I ask the minister to reconsider his position. I ask him particularly to reconsider his position in view of the resolution which we have here before us, resolution No. 8. I have indicated that sources outside the House of Commons seem to have information which is not available to us. They suggest that among the miscellaneous items that would come before this committee at this time for review, some involve tariff decreases which presumably affect some producers in Canada, and they suggest that they are the quid pro quo and the "give" for the "take" we have heard about in some other categories.

I think the minister should give us some further information on these points. The article to which I referred, as I have said, referred to fresh smelt and said that some of the concessions given may be in compensation for concessions received in one or other of the big packages such as lobster meat, boiled lobster and brushes for farm equipment. The article continues in these words:

> Several types of parts for new-model cars, i.e., synchronizing cones for transmissions, were moved to free from various rates between 15 per cent and 25 per cent.
>
> Several types of truck parts, i.e., internal combustion engines about 349 cubic inches, were moved to free from 7½ per cent.

I think this is of interest to the committee. I recall attending a convention on unemployment from the Windsor area about a month ago and the chief spokesman of the government at that time was the Minister of National Revenue. My recollection is that the minister assured the delegation which was large, not only in its complement of visitors but with respect to members of parliament from all parties, that actually since the government had changed any policies which were likely to be operative and were in favour of manufacturing in Canada some of these components of an automobile rather than making it easier for those components to be imported and then simply put in the automobile that ostensibly was manufactured in Canada.

The suggestion is that all of this is the result of negotiations the government had been obliged to conduct by reason of its membership in GATT. I believe I am familiar with the nature of those negotiations and my understanding is that the person who wants a change in the agreement applies to the opposite number which is the chief supplier of that commodity and they negotiate bilaterally and then after they reach an agreement they submit it to the general conference in GATT, and whatever is the result is available to all members of that trading partnership and agreement.

I do not think we could very intelligently pursue a discussion of some of the items in this miscellaneous package if the minister was not more frank in indicating which items are involved in our GATT trading and where reductions in tariff have been provided which reductions are due to negotiations and I should like to ask if he could tell us when we reduce a tariff here what was the other item that was the quid pro quo where there was an increase in the other items we discussed previously in this committee.

Mr. Fleming (Eglinton): Mr. Chairman, I still think there is some misapprehension here and perhaps I should do my best to clear that up now. It is one thing where there has been a fresh series of negotiations either at the outset of GATT in the fall of 1947 or at the time of the various renewals for the government charged with negotiations to bring back a report to the house and the public as to the result, pointing out what changes are to be made in the Canadian tariff in exchange for benefits to be had in other countries in relation to their tariffs, but it is an entirely different matter from negotiations, as I tried to say earlier, that may occur while an agreement is in effect where one country desires to make a change in its own tariff items that are bound by GATT and is precluded by the terms of GATT from doing so without the concurrence of the countries in whose favour the items are bound.

Mr. Benidickson: Largely the principal supplier?

Mr. Fleming (Eglinton): Yes, whatever countries they may be in whose favour the items have been bound. In those cases, of course, it is customary for the country in whose favour the items are bound to demand concessions. The government, of course, must report on the results of those negotiations. We have done so. The results of the negotiations here are embodied in the resolutions now before us. My hon. friend

complains that we did not issue a press statement or make a separate report to the house earlier than June 17 in the budget speech.

Mr. Benidickson: It is 1957 I am concerned with, of course.

Mr. Fleming (Eglinton): I can assure my hon. friend that the negotiations I referred to were concluded so short a time before the budget speech that the budget was the first convenient opportunity to make them known to the house. In these particular negotiations we were not seeking a change in the United States tariff; we were seeking freedom to make changes in the Canadian tariff items in accordance with the recommendations with respect to those items on which the tariff board had made recommendations. We negotiated with the United States over a period of time with the result that the United States did not make any changes in its tariff. So on that side, as a result of the negotiations, we simply have a maintenance of the status quo. But with respect to the items of the Canadian tariff we have obtained a concession on the part of the United States that gave us liberty to make the changes in our tariff that are embodied in the resolutions now before the committee, so far as those items had previously been bound, and have undertaken to make certain changes in our tariff as the *quid pro quo* to the United States; so what we bring before the committee now is a complete package, and the results of those negotiations are fully embodied in the terms of the resolutions.

My hon. friend goes on from that point and quotes what I gather was a newspaper article containing, I may say, a great deal of wild speculation about what were the items on which the negotiations proceeded.

Mr. Benidickson: That is usually my hon. friend's comment in debate, of course.

Mr. Fleming (Eglinton): It is a very accurate one.

Mr. Benidickson: Let us continue item by item.

Mr. Fleming (Eglinton): Let me talk about the hon. gentleman's reference to the fourth item of smelt. I can tell him that the changes proposed in the tariff on smelt—and was it oysters or lobsters?

Mr. Benidickson: I think smelt is a better item to take.

Mr. Fleming (Eglinton): Yes, item 115b. The newspaper article was quite erroneous in its speculation on that point.

Mr. Benidickson: It was not a bound item?

[Mr. Fleming (Eglinton).]

Mr. Fleming (Eglinton): It is not a bound item and the reduction that is proposed here in the resolution was made at the request of the Canadian fisheries council.

Mr. Benidickson: What reasons did they advance when they requested the decrease?

Mr. Fleming (Eglinton): I shall be glad to deal with this when we come to that item if my hon. friend wishes. I am just dealing now with the point he raised at the outset. The further matter he mentioned was the change contemplated in item 438d.

I may say to him that the changes proposed in item 438d were made at the request of the Canadian automotive chamber of commerce and at the request also of the automotive parts association representing the manufacturers of automotive parts.

Mr. Benidickson: Were there any representations from the united automobile workers of America?

Mr. Fleming (Eglinton): We did not hear from them on that point. Perhaps we should wait until we reach the particular item before going into the details.

Mr. Pickersgill: I should like to ask the minister a question with respect to his answer to the hon. member for Kenora-Rainy River. Do I understand the minister to say that even after these negotiations have been completed it is considered contrary to public policy to make a specific statement during the currency of the agreement? I understood the minister to say that when the agreement was renewed parliament was told what the concessions were and what the concessions made by other countries were, as Mr. Howe did on a couple of occasions to which the hon. gentleman referred, but that during the currency of a negotiation, even though this particular negotiation was itself concluded, parliament was not told that the reason for these changes was negotiations under GATT?

Mr. Fleming (Eglinton): My friend has used the expression "during the currency of the agreement". What I was directing my remarks to, to which he has alluded, was the course of the negotiations.

Mr. Pickersgill: Oh, quite.

Mr. Fleming (Eglinton): There has been no attempt ever made, and I think the reason is obvious, to trace the course of negotiations, the various steps that enter into the bargaining.

Mr. Pickersgill: I would agree with that at once.

Mr. Fleming (Eglinton): I am told in particular that in the case of bilateral negotiations no report has ever been made except as to the result, the exchanges of advantages on the one hand for concessions on the other. I think perhaps part of the earlier discussion proceeded on the basis of a misapprehension. I think the position is clear now.

Mr. Pickersgill: Perhaps I could state my understanding. I am not seeking to be contentious at all, but I was rather surprised, if I understood correctly, that once these negotiations had been completed, during the currency of an agreement, there would be any obstacle to telling parliament "we have made this tariff change because of negotiations concluded under GATT" and in another case because of representations from the automobile chamber of commerce and so on, as the minister has just said. I take it the minister has no objection to telling us in each case whether it is as a result of GATT negotiations that the change is being made.

Mr. Fleming (Eglinton): No, I have no objection at all on that score. As a matter of fact, there is a large number of miscellaneous items here and, of course, the great bulk of them did not enter into the negotiations at all.

Mr. Pickersgill: That is what I would imagine. I think that clears up the difficulty.

Mr. Benidickson: Except for this, that I indicated to the house by quoting from *Hansard* of 1955 and 1956 that the then minister of trade and commerce had in both of those years—

Mr. Fleming (Eglinton): Could my friend give me the reference in 1955 again, please?

Mr. Benidickson: The minister's statement is on page 4750 and the appendix he provided appears on page 4808.

Mr. Fleming (Eglinton): Was that a press statement?

Mr. Benidickson: No, it is an official document provided to the House of Commons by the then minister of trade and commerce indicating the effect in considerable detail. As a matter of fact it is headed "Results of Tariff Negotiations at Geneva", and it has several subheadings. The first subheading is "Concessions by Japan to Canada" and the second is "Concessions by Canada to Japan". The third is "Concessions by the United States to Canada" and the fourth is "Concessions by Canada to the United States and Japan."

Mr. Fleming (Eglinton): Will my hon. friend permit me to point out—we have the volume now—that what was reported on there was the result of original negotiations and not renegotiations, except as to the third item. This was a matter of a new negotiation with Japan over the establishment in the tariffs of both countries of certain rates which were bound in favour of the other.

Mr. Benidickson: I made that very clear but let us go to the next year, 1956. I refer my hon. friend again to page 4792 where the then minister of trade and commerce did the same thing. It seemed to me to be a comprehensive review and a very proper report to parliament upon the results achieved by Canada's officials in negotiations of this importance over a past period. My difficulty is that I do not know the period for which the report is given. Certainly it was presented to the house in June, 1956. I make the point that in June, 1957, we were engaged in an election campaign but we met on October 14, I believe, and sat for some time. I would have thought that in 1957 we would have received a similar report from the new Minister of Trade and Commerce with respect to GATT negotiations for a comparable period.

Mr. Fleming (Eglinton): I am afraid we are going back into the misapprehension that existed earlier. The 1956 report to which my hon. friend refers was a report on original negotiations. There were no renegotiations in 1956. What the then minister of trade and commerce gave to the house was the result of those original negotiations. That is the situation with respect to 1956. As to 1957, again there is a misapprehension. No negotiations under GATT were concluded in 1957. Some negotiations were started at Geneva in the fall but no negotiations were concluded in 1957.

Mr. Pearson: Perhaps we can sum it up that the minister agrees that when there are original negotiations under GATT all particulars with regard thereto should be made available to parliament as they have been in the past but as far as renegotiations are concerned he thinks that the procedure he has adopted is quite adequate.

Mr. Fleming (Eglinton): Yes. We have laid everything before the house in this resolution. It is true that it is a bulkier resolution than the house usually has before it. It may be that we have been pounding on an open door here because I do not see that there is any difference between us with regard to the matter of the reporting. Where there are original negotiations involving changing the agreement on the part of Canada to make certain changes in return for changes on the part of another country or countries in their tariffs then of course a report should be made to the house giving the particulars of the changes; in other words, the quid as

well as the quo. In this case we had a situation which followed the desire of the government to make certain changes in rates that had already been bound and the whole story is there in the resolution.

Mr. Benidickson: Mr. Chairman, I am concerned about this problem. I have admitted my ignorance about some of these procedures because they largely involve trade and commerce. The minister may correct me if I am wrong in my understanding, but what is the situation when Canada decides that it would like to approach its principal supplier of fruits and vegetables, shall we say, which would be the United States? Some items at least are under GATT. Am I right in thinking that before the United States comes to grips in negotiations with Canada, under its tariff board procedures public notice is given of the fact that it has been approached by Canada which desires to increase its tariffs with respect to these products. Is that correct?

Mr. Fleming (Eglinton): Yes, that is correct. The law of the United States requires public notice to be given.

Mr. Benidickson: We have not that provision here, I realize.

Mr. Fleming (Eglinton): No, Mr. Chairman.

Mr. Benidickson: The difficult thing, of course, is that the government is very secretive about its intentions to request adjustments with respect to these agreements. They approach a foreign government such as the United States and the United States, under its law, publicizes the fact of the approach. People who might be affected are given an opportunity to come before a certain governmental body down there to express their views. Here the minister says we are not entitled even to know he has gone forward to ask for some of these changes. This makes it very awkward, indeed, I think, in public discussions in the House of Commons.

Mr. Pickersgill: Before the item carries, would the minister tell us whether this was one of the items affected by the GATT discussions?

Mr. Fleming (Eglinton): No, Mr. Chairman. I have indicated them already. There are only three items out of I think about 75 items in resolution 8 which entered into the negotiations under GATT. They were 438d; 504a and 505.

Mr. Benidickson: They are the only ones in this group involved in GATT negotiations?

Mr. Fleming (Eglinton): That were involved in negotiations that have been concluded.

Mr. Benidickson: That is past negotiations?

[Mr. Fleming (Eglinton).]

Mr. Fleming (Eglinton): Yes.

Mr. Benidickson: It is quite understandable that if the minister is negotiating in the future with respect to some other quid pro quo, we would not have this before us at the time.

Item agreed to.

Items 90f; 99e agreed to.

Customs Tariff—115b. Smelt, fresh, for processing in Canadian plants per pound: British preferential tariff, free; most-favoured-nation tariff, free; general tariff, 1 ct.

Mr. Pickersgill: I should like to ask the minister just what is the origin of this change, and who requested it?

Mr. Fleming (Eglinton): The change in item 115b was requested by the fisheries council of Canada. This is a new item to assist Canadian smelt processors who must occasionally import smelt when smelt is not available in Canadian waters. Most of the smelt which is processed in Canada is exported. It is my understanding that no Canadian fishermen will be adversely affected by this reduction. The annual imports are estimated at $50,000.

Item agreed to.

Customs Tariff—125. Oysters, shelled; cans containing shelled oysters: British preferential tariff, free; most-favoured-nation tariff, free; general tariff, 25 per cent.

Mr. Pickersgill: I wonder if we could have an explanation of this one?

Mr. Fleming (Eglinton): The change here applies to the words, "cans containing shelled oysters".

Mr. Pickersgill: What was the rate before?

Mr. Fleming (Eglinton): It was always free before. My hon. friend will see on the right-hand side the reference to the prior rate. The words "cans containing shelled oysters", have been added to this item.

Mr. Pickersgill: That is my point, what was the rate on cans containing shelled oysters?

Mr. Fleming (Eglinton): It is on the right-hand side; they were always free.

Item agreed to.

Customs Tariff—128. Lobsters or lobster meat, fresh or boiled: British preferential tariff, free; most-favoured-nation tariff, free; general tariff, 25 per cent.

Mr. Pickersgill: I wonder if we could have an explanation of this item, as I am interested in it.

Mr. Fleming (Eglinton): The change in item 128 was requested by the fisheries council. The tariff on boiled lobster was removed and

brought into line with the United States tariff. Canada imports negligible quantities of lobster, but our exports to the United States are quite sizeable.

Item agreed to.

Items 206c, 208, 208x, 210h, 237a, 296g, 327a, 347, 347a, 409t, 409u, 410s, 427c, 431d, 431g, 434e agreed to.

Customs Tariff—438b. Bearings, ball or roller;
Bearings, clutch release, with or without collar attached;
Bearings, graphite;
Bearings, steel or bronze backed, with non-ferrous metal lining, parts and materials therefor;
Bearings, steering knuckle thrust;
Bushings or sleeve bearings of bronze or powdered metal;
Bushings, graphited or oil impregnated;
Ceramic insulator spark plug cores not further manufactured than burned and glazed, printed or decorated or not, without fittings;
Collars, crankshaft thrust;
Compressors and parts thereof, air;
Commutator copper segments; commutator insulating end rings;
Tapered discs of hot-rolled steel, with or without centre hole, for disc wheels;
Diaphragms for fuel and vacuum pumps;
Distributor rotors and cam assemblies;
Door bumper shoes;
Electric wiring terminals, sockets, fittings and connectors and parts and combinations thereof, including brackets and fittings permanently attached thereto, but not to include battery terminals;
Gaskets of any material except cork or felt, composite or not, parts and materials therefor;
Ignition contact points;
Keys for shafting;
Auxiliary driving control kits, designed for attachment to motor vehicles to facilitate their operation by physically disabled persons, and parts thereof;
Laminated composition plastic timing gear blanks;
Lenses of glass for motor vehicle lamps and for light reflectors;
Lock washers;
Magnetic plugs;
Piston ring castings in the rough, with or without gates and fins removed;
Propeller shaft tubes of steel bonded by rubber;
Rails of lock seam section, corners, locks and catches, unplated ventilators and parts thereof, the foregoing being of metal other than aluminum, for the manufacture of window sashes for bus bodies;
Shift control, electric, for two speed rear axles;
Steel bolts, studs, plugs, rivets or nuts, capped with stainless steel, and parts thereof;
Switches, relays, circuit breakers and solenoids and combinations and parts thereof, including starter switch assemblies;
Synchronizing cones or blocking rings for transmissions;
Vacuum, hydraulic or air control assemblies and parts thereof;
Vulcanized fibre in sheets, rods, strips and tubings;
Parts of all the foregoing;
All of the foregoing for use in the manufacture or repair of goods enumerated in tariff items 410a (iii), 424 and 438a, or for use in the manufacture of parts thereof:

1. When of a class or kind not made in Canada: British preferential tariff, free; most-favoured-nation tariff, free; general tariff, 30 per cent.

2. When of a class or kind made in Canada: British preferential tariff, free; most-favoured-nation tariff, 17½ per cent; general tariff, 30 per cent.

Mr. Benidickson: I should like to raise a question on 438b. Hon. members will note, down at the bottom of the page, the words, "when of a class or kind not made in Canada". The rate previously was free, but in some instances was 17½ per cent. Am I right in thinking that the 17½ per cent probably was applicable only to the items in the section that are in italicized printing.

Mr. Fleming (Eglinton): The explanation is in the note at the bottom of page 21. So far as those items that are of a class or kind not made in Canada are concerned, those always were free. There is no change proposed. To the extent that they were of a class or kind made in Canada, there were various rates and the effect of the change applies to the italicized items.

Item agreed to.

Customs Tariff—438c. Ammeters;
Arm rests and wheel housing lining of indurated fibre, pressed to shape;
Axle housings, one piece welded, machined or not, including parts welded thereto;
Carburetors;
Chassis frames and steel shapes for the manufacture thereof;
Cigar and cigarette lighters, whether in combination with a cigarette holder or not, including base;
Control ventilator gear box;
Cylinder lock barrels, with or without sleeves and keys thereof;
Dash heat indicators;
Engine speed governor units;
External ornaments unplated, including name plates, letters and numerals, but not including finish or decorative mouldings;
Fluid couplings with or without drive plate assemblies;
Gauges, gasoline, oil or air;
Grilles not plated, polished or not before assembly, and parts thereof not plated or polished after final forming, casting or piercing, not including added finish or decorative mouldings;
Hinges, finished or not, for bodies;
Horns;
Instrument bezel assemblies; instrument board lamps; instrument panel, glove compartment, luggage compartment, hood compartment and door step lamps and wire assemblies;
Instrument board panels of moulded or laminated glass fibres and plastic;
Locks, electric ignition, steering gear, transmission, or combinations of such locks;
Mouldings of metal, with nails or prongs set in position, lead filler or not;
Oil filter, namely perforated filter refill oil board bodies, refill end discs, and roll-seam perforated tubes;
Ornaments and identification plates of metal, unplated, not including finished or decorative mouldings;
Pipe lines of tubing, rigid, covered or not, with or without fittings, and tubing therefor;
Purifiers for gasoline, including brackets and fittings therefor;
Radiator shutter assemblies, automatic;
Radiator water gauges;

Radiator shells not plated nor metal finished in any degree;

Shackles, bearing spring;

Speedometers;

Spring covers of metal and closing strips or shapes therefor;

Stampings, body, cowl, fender, front end, hood, instrument board, shields and baffles, of metal in the rough, coated or not, trimmed or not, whether or not welded in any manner before final forming or piercing, but not metal finished in any degree;

Steering wheels, rims and spiders therefor;

Sun visor blanks of gypsum weatherboard;

Tachometers, with or without tachographs, both electric and gear driven;

Thermostatic controls;

Throttle, spark, choke, and hood lock release assemblies, including buttons therefor;

Torque convertors;

Auxiliary transmission overdrive units and controls therefor;

Universal joint ball assemblies;

Windshield and window wipers;

Parts of all the foregoing, including brackets, fittings and connections therefor;

All of the foregoing when for use in the manufacture or repair of the goods enumerated in tariff items 410a(iii), 424 and 438a, or for use in the manufacture of parts therefor: British preferential tariff, free; most-favoured-nation tariff, 17½ per cent; general tariff, 30 per cent.

(1) If the above articles, when of a class or kind not made in Canada, are for use as original equipment by a manufacturer of passenger automobiles (having a seating capacity for not more than ten persons each) enumerated in tariff item 438a, whose total factory output, during the year in which importation is sought, does not exceed ten thousand such complete passenger automobiles, and if not less than forty per cent of the factory cost of production of such automobiles, not including duties and taxes, is incurred in the British Commonwealth, the rates of duty under this item shall be: British preferential tariff, free; most-favoured-nation tariff, free; general tariff, 25 per cent.

(2) If the above articles, when of a class or kind not made in Canada, are for use as original equipment by a manufacturer of passenger automobiles (having a seating capacity for not more than ten persons each) enumerated in tariff item 438a, whose total factory output, during the year in which importation is sought, exceeds ten thousand, but does not exceed twenty thousand such complete passenger automobiles, and if not less than fifty per cent of the factory cost of production of such automobiles, not including duties and taxes, is incurred in the British Commonwealth, the rates of duty under this item shall be: British preferential tariff, free; most-favoured-nation tariff, free; general tariff, 25 per cent.

(3) If the above articles, when of a class or kind not made in Canada, are for use as original equipment by a manufacturer of passenger automobiles (having a seating capacity for not more than ten persons each) enumerated in tariff item 438a, whose total factory output, during the year in which importation is sought, exceeds twenty thousand such complete passenger automobiles, and if not less than sixty per cent of the factory cost of production of such automobiles, not including duties and taxes, is incurred in the British Commonwealth, the rates of duty under this item shall be: British preferential tariff, free; most-favoured-nation tariff, free; general tariff, 25 per cent.

(4) If the above articles, when of a class or kind not made in Canada, are for use as original equipment by a manufacturer of motor trucks, motor buses, electric trackless trolley buses, fire fighting vehicles, motor ambulances, and hearses, or chassis for same, as enumerated in tariff items 410a (iii), 438a and 424, whose total factory output of such vehicles during the year in which importation is sought, does not exceed ten thousand such vehicles, and if not less than forty per cent of the factory cost of production of such vehicles, not including duties and taxes, is incurred in the British Commonwealth, the rates of duty under this item shall be: British preferential tariff, free; most-favoured-nation tariff, free; general tariff, 25 per cent.

(5) If the above articles, when of a class or kind not made in Canada, are for use as original equipment by a manufacturer of motor trucks, motor buses, electric trackless trolley buses, fire fighting vehicles, motor ambulances and hearses, or chassis for same, as enumerated in tariff items 410a (iii), 438a and 424, whose total factory output of such vehicles during the year in which importation is sought, exceeds ten thousand units, and if not less than fifty per cent of the factory cost of production of such vehicles, not including duties and taxes, is incurred in the British Commonwealth, the rates of duty under this item shall be: British preferential tariff, free; most-favoured-nation tariff, free; general tariff, 25 per cent.

(6) If the above articles are of a class or kind not made in Canada and are for use in the repair of the goods enumerated in tariff items 410a (iii), 424 and 438a, or are for use in the manufacture of repair parts therefor, the rates of duty under this item shall be: British preferential tariff, free; most-favoured-nation tariff, free; general tariff, 25 per cent.

(7) The Governor in Council may make such regulations, if any, as are deemed necessary for carrying out the provisions of this item.

Mr. Fleming (Eglinton): There is an amendment which I should like to read to this section which affects this item. I move:

That resolution No. 8 be amended in so far as the provision for stampings under tariff item 438c is concerned by inserting the words "coated or not" after "of metal" and deleting them after "in the rough".

I would ask my colleague the Minister of Northern Affairs and National Resources to move this amendment.

Mr. Hamilton (Qu'Appelle): I so move.

Mr. Benidickson: Is this an amendment beyond those given to us?

Mr. Fleming (Eglinton): No, there are no amendments except those of which I gave the house notice and which are recorded in *Votes and Proceedings* of July 28.

The Deputy Chairman: Shall the amendment carry?

Amendment agreed to.

Mr. Broome: I should like to say a few words with regard to item 438c, and particularly those sections which have to do with the percentage of Canadian content which is linked to annual production. It states in one part, where the production does not exceed 10,000 units a year and has a 40 per cent commonwealth content, that the items under 438c are imported free of duty.

It goes on to say that when annual production is 20,000 units, then the comparable figure is 50 per cent Canadian content, and over 20,000 the figure is 60 per cent Canadian content. This item was brought into the tariff schedule, I believe, in 1937. Canadian production of motor vehicles today is almost 2½ times what the figure was in 1937. I would suggest to the minister that perhaps the tariff board might make a review to ascertain whether these percentage figures now are realistic in view of increased production, and particularly in regard to the top bracket, that is over 20,000 units having a 60 per cent Canadian content.

With the greater complexity of motor cars, the result would be, I believe, that a great deal of manufacturing which could have been done in Canada has not been done. Furthermore, this will not affect the price to the consumer because the prices of motor cars are set on the United States price plus duty and then a certain adjustment from that figure. I have had a rather long experience with the motor car industry. I can assure you, Mr. Chairman, that manufacturing costs in Canada are quite comparative as far as labour costs are concerned with similar figures in the United States. Such items as automatic transmissions, elements with regard to power steering and so on might well be considered by the manufacturers for manufacture in Canada but they do not have to do so because they already are above the 60 per cent. So an annual volume of some 50,000 units in 1937 from General Motors has increased so that today that company will have an annual figure of around 150,000 units. They have room for greater manufacturing in Canada than they are doing now. I suggest this is one item that should be well checked into by the tariff board with respect to promoting a greater Canadian content.

Mr. Benidickson: Am I right in thinking that the tariff board would not, on its own initiative, look into this matter? Certainly it has a heavy body of work ahead of it. Would it not only be done as a result of a request from the minister.

Mr. Fleming (Eglinton): That is correct. This item is one that is bound under GATT. There was a time when the 60 per cent that was referred to by the hon. member for Vancouver South was 65 per cent. These matters are constantly under review and due note will be taken of my hon. friend's observations.

Item agreed to.

Customs tariff—438d. Axles, front and rear;
Bell or clutch housings for vehicles having a gross vehicle weight rating of over 19,500 pounds;
Brakes;
Brake drums;
Clutches;
Drive shafts;
Fuel pumps for engines of 260 cubic inches and over in displacement;
Hubs;
Hydraulic or fluid couplings;
Internal combustion engines of 349 cubic inches and over in displacement;
Linkages and controls for use with clutches, transmission assemblies, power dividers or transfer cases, when the main assemblies are of a class or kind not made in Canada;
Magnetos;
Power dividers or transfer cases;
Rims for pneumatic tires;
Spring shrouds, spring seats, and spring anchor plates of metal for vehicles having a gross vehicle weight rating of over 19,500 pounds;
Steel road wheels;
Steering drag links for vehicles having a gross vehicle weight rating of 20,000 pounds or over;
Steering gears;
Tandem axle suspensions, not to include springs;
Transmission assemblies;
Universal joint;
Parts of the foregoing;

All of the foregoing when of a class or kind not made in Canada, and when imported only for the manufacture of motor trucks, motor buses, electric trackless trolley buses, fire fighting vehicles, ambulances, hearses, and the chassis for same: British preferential tariff, free; most-favoured-nation tariff, 17½ per cent; general tariff, 27½ per cent.

(1) If the above articles are imported for use as original equipment for motor trucks, motor buses, electric trackless trolley buses, fire fighting vehicles, ambulances, hearses, or for chassis for same, by a manufacturer of the goods enumerated in tariff items 410a (iii), 424 and 438a, and during the year in which importation is sought, not less than forty per cent of the factory cost of production of such vehicles and chassis therefor, not including duties and taxes, is incurred in the British Commonwealth, the rates of duty under this item shall be: British preferential tariff, free; most-favoured-nation tariff, free; general tariff, 27½ per cent.

(2) If the above articles are for use in the repair of motor trucks, motor buses, fire fighting vehicles, ambulances, hearses and electric trackless trolley buses, or for chassis for same or for use in the manufacture of repair parts therefor, the rates of duty under this item shall be: British preferential tariff, free; most-favoured-nation tariff, free; general tariff, 27½ per cent.

(3) The Governor in Council may make such regulations, if any, as are deemed necessary for carrying out the provisions of this item.

Mr. Fleming (Eglinton): Mr. Chairman, there is an amendment to item 438d. It has been printed and perhaps I do not have to read it again for that reason. It appears in *Votes and Proceedings*. I will ask my colleague the Minister of Northern Affairs and National Resources to move it.

Mr. Hamilton (Qu'Appelle): I so move.

The Deputy Chairman: As the committee is familiar with the amendment, may I dispense with the reading of it.

Some hon. Members: Agreed.

Amendment agreed to.

Mr. Benidickson: On the main item as amended may I say this. The minister indicated that this was indeed an item that did involve, in the recent past, negotiations with the United States because Canada had approached the United States for certain amendments to its agreements with respect to tariffs on other items. I wonder whether the minister would just indicate to us the essential items in this tariff category that were involved in the trading and perhaps the value of the trade per annum.

Mr. Fleming (Eglinton): The changes in the items or the descriptions, of course, are set forth in italics. The essential change, as far as rate is concerned, is that the rate has been reduced from 7½ per cent to free on goods of a class not made in Canada.

Mr. Benidickson: Are these invariably motor trucks rather than passenger automobiles?

Mr. Fleming (Eglinton): Yes; all motor trucks.

Mr. Benidickson: Would the minister indicate what has been the past annual import value of items that are now subject to change?

Mr. Fleming (Eglinton): Perhaps we can give my friend that information at the end.

Mr. Benidickson: I did not want to follow up until we came to an unusual item the remarks that were made by the hon. member for Vancouver South. But the minister will no doubt remember that I made reference to this delegation that we all received here from Windsor, Oakville and probably Oshawa, from the automotive trades industry because of unemployment that was bothering them severely. At that time the Minister of National Revenue indicated that rather than reducing the tariffs, as is indicated here, he and his new administration had provided something that was of benefit to the people that were working in Canada at this trade. Would the Minister of Finance give the committee some information on that matter? The industry as a whole was complaining that many of the things were imported from the United States that could very well be manufactured in Windsor, Oshawa or Oakville but that they were not manufactured there because of the protective element. I understood from the Minister of National Revenue that something had been done by the new administration in their favour. This would rather indicate something that makes it easier to import such things as transmissions and so on about which the hon. member for Vancouver South spoke.

[The Deputy Chairman.]

Mr. Fleming (Eglinton): Mr. Chairman, I do not know precisely what was the context of the remarks attributed to my colleague the Minister of National Revenue. However, I think it is obvious that he was talking about something quite different from what is involved in this resolution respecting item 438d. The changes contemplated here were requested by the Canadian automotive chamber of commerce—

Mr. Benidickson: Oh, surely; but they are dominated by United States industry.

Mr. Fleming (Eglinton): —and the automotive parts association who represent all the manufacturers of automotive parts in Canada.

Item agreed to.

Mr. Benidickson: Mr. Chairman, I was lenient with respect to 438c. I knew that we had before us a reference to something that might be done by the governor in council. I wonder whether the committee would grant me the indulgence of allowing me to refer to item 438c, although I admit that we are on item 438d.

The Deputy Chairman: Has the hon. member the consent of the committee to revert to item 438c?

Some hon. Members: Agreed.

Mr. Benidickson: I deliberately avoided discussion on item 438c because of the minister's reference that item 438d was the only automobile item that had reference to GATT. But in item 438c there is a paragraph, namely paragraph 7. As the minister and all hon. members of the committee will find, it reads as follows:

(7) The Governor in Council may make such regulations, if any, as are deemed necessary for carrying out the provisions of this item.

Have there been any orders in council with respect to this item since the new administration took office?

Mr. Fleming (Eglinton): None has been made since this new government came into office. But item 438c is not proposed to be amended in this respect at all.

Mr. Benidickson: Not here. I meant since June, 1957.

Mr. Fleming (Eglinton): It was in operation during the time my hon. friend was parliamentary assistant to the Minister of Finance and no additional use has been made of that power since the new government came into office.

Customs tariff—438e. Internal combustion engines of 348 cubic inches and under in displacement; Parts of the foregoing;

All of the foregoing when of a class or kind not made in Canada, and when imported only for the manufacture of motor trucks, motor buses, electric trackless trolley buses, fire fighting vehicles, ambulances, hearses, and the chassis for same: British preferential tariff, free; most-favoured-nation tariff, 17½ per cent; general tariff, 27½ per cent.

(1) If the above articles are imported for use as original equipment for motor trucks, motor buses, electric trackless trolley buses, fire fighting vehicles, ambulances, hearses, or for chassis for same, by a manufacturer of the goods enumerated in tariff items 410a(iii), 424 and 438a, and during the year in which importation is sought, not less than forty per cent of the factory cost of production of such vehicles and chassis therefor, not including duties and taxes, is incurred in the British Commonwealth, the rates of duty under this item shall be: British preferential tariff, free; most-favoured-nation tariff, 7½ per cent; general tariff, 27½ per cent.

(2) If the above articles are for use in the repair of motor trucks, motor buses, fire fighting vehicles, ambulances, hearses and electric trackless trolley buses, or for chassis for same or for use in the manufacture of repair parts therefor, the rates of duty under this item shall be: British preferential tariff, free; most-favoured-nation tariff, 7½ per cent; general tariff, 27½ per cent.

(3) The Governor in Council may make such regulations, if any, as are deemed necessary for carrying out the provisions of this item.

Mr. Fleming (Eglinton): There is an amendment to item 438e. I would ask my colleague the Minister of Northern Affairs and National Resources to move it.

Mr. Hamilton (Qu'Appelle): I so move.

The Deputy Chairman: Shall the amendment carry?

Mr. Benidickson: Would you read the amendment, Mr. Chairman?

Mr. Fleming (Eglinton): It is in *Votes and Proceedings*. This amendment is to item 438e.

Mr. Benidickson: I am satisfied.

Amendment agreed to.

Item as amended agreed to.

Item 438f agreed to.

Mr. Benidickson: I would like to ask the minister if it is only the numbering which is new with respect to 438f?

Mr. Fleming (Eglinton): That is correct.

Items 439b, and 439e agreed to.

Customs tariff—440m. Aircraft, not including engines, under such regulations as the Minister may prescribe:

1. When of types or sizes not made in Canada: British preferential tariff, free; most-favoured-nation tariff, free; general tariff, 27½ per cent; on and after July 1, 1960: British preferential tariff, free; most-favoured-nation tariff, 15 per cent; general tariff, 27½ per cent.

2. When of types and sizes made in Canada: British preferential tariff, free; most-favoured-nation tariff, 15 per cent; general tariff, 27½ per cent.

Mr. Peters: I do not profess to know anything at all about this matter, but I would like to know if this general tariff affects the government with respect to its purchases for national defence. If, say, it has occasion to buy items under 440m or 440n, is the government exempt from this part of the tariff with respect to its purchases?

Mr. Fleming (Eglinton): No, the federal government pays the tariff duty on its imports in accordance with the provision of the statute.

Mr. Benidickson: I must confess that I do not recall the effect of this particular item. I see that the proposed change is with respect to the "on and after July 1, 1960". Is this something which is an annual extension, perhaps, subject to discretion?

Mr. Fleming (Eglinton): At the present time the tariff simply reads "1958", whereas the resolution proposes in italics "1960". It is, in other words, to extend for a period of two years the effect of the present item.

Mr. Benidickson: And the rate of course would be 15 per cent after 1958 if this resolution had not been brought forward?

Mr. Fleming (Eglinton): Yes, if we had not made the change, that would have been the effect.

Item agreed to.

Item 440n agreed to.

Customs tariff—462d. Cinematograph and motion picture cameras for use by professional motion picture producers having studios in Canada equipped for motion picture production; parts of the foregoing: British preferential tariff, free; most-favoured-nation tariff, free; general tariff, 15 per cent;

On and after July 1, 1959: British preferential tariff, free; most-favoured-nation tariff, 9 per cent; general tariff, 15 per cent.

Mr. Benidickson: Is there anything significant about the "on and after July 1, 1959", or is this similar to the other item which the minister has kindly explained?

Mr. Fleming (Eglinton): This is a new provision for effect until July 1, 1959, and it will give the government an opportunity in the next 10½ months to decide whether this duty-free entry should be extended.

Mr. Benidickson: That is possibly one of those items upon which the *Financial Post* speculated was involved in GATT trading, but of course I take the minister's word on that subject.

Mr. Fleming (Eglinton): Yes, and they were wrong.

Mr. Benidickson: Yes.

Item agreed to.

Items 462i, 463b, 482 and 482a agreed to.

Customs tariff—504a. Ponderosa pine lumber (pinus ponderosa), California sugarpine lumber (pinus Lambertiana) *and California redwood lumber (sequoia semper virens)*, not further manufactured than planed, dressed or jointed: British preferential tariff, free; most-favoured-nation tariff, free; general tariff, free.

Mr. Peters: Would the minister care to explain the thinking of the tariff board on this item and the other items connected with the lumber industry, particularly the pine industry, and if any consideration has been given to protection, particularly of white pine. The industry is facing very serious problems because of the imports of competing white pine from the United States. Markets are being lost as a result by the Canadian industry.

Mr. Fleming (Eglinton): This item was not the subject of an inquiry by the tariff board. It resulted from an appeal to the tariff board as I outlined in my budget speech. The result was that the tariff board ruled that lumber which had been dressed, such as shiplap, did not qualify for entry at the lower rate. This gave a good deal of concern to the lumber producers of British Columbia because the United States tariff item read to the same effect. They were concerned that if the ruling of the Canadian tariff board on this item stood, the United States might choose to apply it against imports from Canada, and at the urgent request of the British Columbia lumber industry we have here undertaken what is in effect a clarification to restore the law to the effect it was always understood to have.

This actually reverses the ruling of the tariff board and in effect reduces the Canadian tariff, but it has been done for the purpose of maintaining uniformity with the United States tariff in order that Canadians may still have the benefit of access to the United States market for Canadian lumber at the lower rate.

Mr. Pickersgill: The minister will be delighted to hear that this is one thing which he has done with which I completely agree.

Mr. Fleming (Eglinton): I am quite overwhelmed, and I thank my hon. friend most humbly.

Mr. Broome: In this regard I would like to say that the British Columbia lumber manufacturers' association were very greatly concerned about the matter and the action of the minister has the most wholehearted approval of the British Columbia lumber industry.

[Mr. Fleming (Eglinton).]

Item agreed to.

Items 505, 505a, 505b, 505c, 505d and 595a agreed to.

Customs tariff—597d. Musical instruments, namely: autoharps, clavichords, harpsichords, *harps; bass violas, violas, violins, violin cellos; strings for the foregoing;* recorders, xylophones; *bassoons, clarinets, English horns; fifes, flutes, oboes, piccolos, saxophones*: British preferential tariff, free; most-favoured-nation tariff, free; general tariff, 30 per cent.

Mr. Fleming (Eglinton): There is an amendment to 597d, consisting simply of the addition of the words, "parts of the foregoing", and I would like to ask my colleague the Minister of Northern Affairs and National Resources to move it.

Mr. Hamilton (Qu'Appelle): I so move.

Amendment agreed to.

Item as amended agreed to.

Items 691, 695d, 696a, 696c, 703a, 703b, 703c, 791, 901 and 902 agreed to.

Customs tariff—907. Foamed and expanded synthetic resins, in logs, blocks or boards, or in flakes, granules or powder: British preferential tariff, 15 per cent; most-favoured-nation tariff, 20 per cent; general tariff, 25 per cent.

Customs tariff—914. Foamed and expanded cellulose plastics in blocks or boards, granules or powder: British preferential tariff, 15 per cent; most-favoured-nation tariff, 20 per cent; general tariff, 25 per cent.

Mr. Fleming (Eglinton): There is an amendment with respect to items 907 and 914, which I would like to ask my colleague to move.

Mr. Hamilton (Qu'Appelle) moved:

That resolution No. 8 of the budget resolutions relating to the Customs Tariff be amended by deleting therefrom items 907 and 914 and by substituting therefor the following:

"Customs tariff—907. Foamed and expanded synthetic resins, in logs, sheets, blocks or boards, or in flakes, granules or powder: British preferential tariff, 15 per cent; most-favoured-nation tariff, 20 per cent; general tariff, 25 per cent.

Customs tariff—914. Foamed and expanded cellulose plastics in sheets, blocks or boards, granules or powder: British preferential tariff, 15 per cent; most-favoured-nation tariff, 20 per cent; general tariff, 25 per cent."

Amendments agreed to.

Mr. Benidickson: Mr. Chairman, these are very substantial increases, as hon. members will see. I am not too well informed as to where these particular products, namely resins, eventually arrive in industry or in respect to consumer utilization, but I believe they do become very important items in consumer spending on insulation and such things. I am well aware that a few years ago there was a reference to the tariff board with respect to the general situation respecting resins and cellulose plastics, and as a

result we brought in some recommendations to the House of Commons. I would just like some assurance from the minister that these items are comparable to certain items which were recommended for rates similar to these and perhaps the minister could indicate in a comparable form the items he believes to be comparable. Normally I would not think an item involving spending on a consumer or industrial level of the size I suspect is involved in these items to be dealt with without reference to the tariff board. I should like the minister to make some comment on the increases that he proposes here, having regard to the fact that this, again, has not been referred to the tariff board.

Mr. Fleming (Eglinton): This takes us back to the tariff board's report of 1952 on plastics. Following that report, items were written into the Canadian tariff with the rates which are proposed in the present resolution, namely British preferential, 15 per cent; most-favoured-nation, 20 per cent; general tariff 25 per cent. At that time, foamed and expanded synthetic resins were not made in Canada. They are made in Canada today, and this amendment is simply designed to apply to them the same rates as were recommended by the board in 1952 with respect to similar products which the board found to be made in Canada at that time and to be entitled to protection.

I may say there are several companies now making this product in Canada, and we are recommending the same rates should apply to foamed and expanded resins as apply to comparable products. Under comparable products I might refer to item 908 of the tariff which applies to manufactures of synthetic resins including floor and wall tiles containing synthetic resins. This is the general item. The rates are: British preferential, 15 per cent; most-favoured-nation, 20 per cent and the general tariff, 20 per cent. Another item that is comparable is item 918b which applies to cellulose sponges and which carries the same rates, 15 per cent, 20 per cent and 30 per cent.

As far as the amendment is concerned I may say that this product in sheet form has always been classified under these various items. However, for the sake of clarity and ease of administration, the word "sheets" is being added to both items in the amendment.

Mr. Pickersgill: These items, as the minister has said, are, of course, being subjected to the same duty as certain other products of a generally similar character. But it will be recalled that these are duties which were put on only after an inquiry by the tariff board, and since there was no inquiry made by the tariff board in this case I wonder if the minister could tell us what it was that induced the government to apply these rates. After all, they represent an impost on the general public, as do all such tariffs, and presumably the government had stronger reasons for taking the action it did than mere reasoning by analogy.

Mr. Fleming (Eglinton): We received strong representations from Canadian producers who pointed out that there had been a change in the forms of production since the tariff board wrote its report in 1952, and there was no reason to doubt that had these producers been producing foamed and expanded synthetic resins in 1952 the tariff board would have proposed to extend to them the rates which were recommended by the board in its report on these comparable products such as I have mentioned in items 908 and 918b.

Mr. Benidickson: Since the minister announced on June 17 his intention to increase tariff protection for these particular products, may I ask whether he has received any protests? He has mentioned the people who have applied for the increase.

Mr. Fleming (Eglinton): The matter has been discussed with us since that time by several interested parties, and in the course of that discussion I think a clear understanding was brought about as to the effect, and we are not aware that there are any objections outstanding now with respect to this proposed change.

Mr. Pickersgill: I should like to say just another word about this matter. The minister pointed out earlier today that I have a consumer bias, and I do not object to that. The effect of these tariff changes would almost certainly be to increase the price of these products to someone. I assume that this will be the effect, otherwise there seems to be very little point in making them. Under the tariff board hearing procedure which has been in effect for a long time, consumers and potential consumers do have an opportunity to attend and make their representations. It does occur to me to wonder why it was not possible to have the usual procedure—the procedure of tariff board hearings—followed in this case.

Mr. Fleming (Eglinton): We do not send everything to the tariff board. As I pointed out in the budget speech, there are a great many individual items with which it would be quite hopeless to clutter the tariff board. The tariff board's docket is a very heavy one and we cannot expect the board to deal with a multitude of small individual items. Besides, the case here was very clear, and a strong case was made out for the need

for the application of these rates to the manufacture of foamed and expanded synthetic resins, otherwise the Canadian market would be taken up by imports from abroad. This is going to enable the Canadian manufacturers in this field to carry on with the same protection, no more and no less than manufacturers of similar products now have. A number of these products happened to be in existence and in production in 1952 when the tariff board made its report, and this is how they obtained the benefit of the rate recommended by the board at that time. There are manufacturers who have come along since, and who are making a comparable product.

Mr. Pickersgill: I assume that the manufacturers began making these products before they had any protection, and that they did not undertake to make them at a loss merely in the lively expectation of getting a tariff later on. I must say that the minister's argument is just the usual, indeed the classic argument in favour of protection, and it does seem to me that before embarking upon protection on an important new product which will, presumably, grow and increase in importance, the time necessary to have referred this question to the tariff board might have been taken.

Mr. Fleming (Eglinton): I can assure the committee that the cost of manufacture has been rising in this field and that one Canadian manufacturer who was turning out this product was compelled by high cost and foreign competition to go out of business.

Item 907 as amended agreed to.

The Deputy Chairman: Shall item 914 carry?

Mr. Pickersgill: I should like to say that I repeat all my observations on this item.

Item agreed to.

Resolutions 9 and 10 agreed to.

Resolutions reported and concurred in.

Hon. Donald M. Fleming (Minister of Finance) moved for leave to introduce Bill No. C-50, to amend the Customs Tariff.

Motion agreed to and bill read the first time.

EXCISE TAX ACT

The house resumed, from Wednesday, July 30, consideration in committee of Bill No. C-44, to amend the Excise Tax Act—Mr. Fleming (Eglinton)—Mr. Rea in the chair.

On schedule III.

The Deputy Chairman: When this committee rose on July 30 we were discussing the heading "Municipalities" at page 11 in the schedule attached to the bill. Shall this heading carry?

Mr. Fleming (Eglinton): Mr. Chairman, discussion had opened under the heading "Municipalities" on a subject which applied really to the concluding words on page 12 under the heading "Processing Materials" where hon. gentlemen will find the words:

> Materials (not including grease, lubricating oils or fuel for use in internal combustion engines) consumed or expended directly in the process of manufacture or production of goods.

And then provision had been made for an amendment so that the tax with respect to diesel fuel oil should not apply to the consumption of that product in logging and lumbering operations. For that reason at the resolution stage the words had been added which appear at the bottom of page 12 of the bill:

> Diesel fuel oil when used in internal combustion engines used in logging operations and in the manufacture of rough lumber.

We discussed these two matters, Mr. Chairman, that on page 11 and that on page 12 together, because that was the way hon. members opposite wished it and because in particular under the heading "Municipalities" provision had been made for the exemption of diesel fuel oil used by municipalities in the generation of electricity.

When the committee last sat, which was on July 30 two weeks ago today, several hon. members had raised the question as to whether the exemption might not be applied as well to the consumption of fuel oil in the generation of electricity in mining operations. I gave some indication that we would consider that matter, and I am now in a position to submit to the committee an amendment on that point. The amendment reads as follows:

> That Bill No. C-44, an act to amend the Excise Tax Act, be amended by adding thereto at the end of schedule III on page 12 the following:
>
> Diesel fuel oil when used in internal combustion engines at mines to generate electricity for use in mining operations and other purposes connected therewith.

Mr. Benidickson: Mr. Chairman, I congratulate the minister for reaching this decision. When we last discussed this item I do not think he did, as he now says, suggest he would give this consideration, but I am very glad he has done so and I believe he has significantly shortened the debate that might follow upon this bill. I believe the decision was inevitable and a very desirable one. Inadvertently and with the best intentions the minister informed the committee on July 29 that to his knowledge the mines had not enjoyed the benefit that had come from a decision of the Department of Justice given

to the Department of National Revenue that persons utilizing this product for the purposes of production would be exempt from tax. The following day he very properly announced to the committee that he was misinformed and that since last October the mines like the lumbering industry and the municipalities had indeed enjoyed the benefit of this decision of the Department of Justice.

I do not want to prolong the discussion. I compliment the minister for reaching this decision. I merely say it was not anticipated as a result of anything he said the last time we were together on this item.

Mr. Fleming (Eglinton): Mr. Chairman, I think perhaps my hon. friend is correct in saying I did not say anything in the committee on that point. We had a number of representations from hon. members and mines and mining associations in this respect, and I had given an indication to them that we would give consideration to their proposals.

Mr. Benidickson: It was not given to your colleagues in the committee; but, however—

Mr. Herridge: Mr. Chairman, I also want to say we in this group are very pleased that the minister has given consideration since the resolution stage to the representations of the mining associations and those of hon. members of the house when the debate took place at that stage. While this will not mean a large saving it will be a valuable thing to many small mining operations that are in a touch and go position at the present time. This type of thing helps them carry on. I know a number of mines that are operating with a very small profit and some with a loss and they are hoping to carry on in the expectation that there will be an improvement in the price of metal in the future under this beneficent government.

Mr. Nielsen: Mr. Chairman, I wish to express the appreciation of the northern mining companies and those engaged in mining operations in the north of this amendment. A good number of hon. members on the government side of the house discussed the matter with the minister inasmuch as we did not have the opportunity to do so when it came up in the committee on the last occasion when the resolution was under discussion. It will effect substantial savings to those engaged in mineral operations in the far north where in some areas diesel fuel and gasoline reaches a cost as high as $8 or $9 a gallon. I wish to add my words of appreciation to the minister for this progressive forward step in assisting those engaged in northern mining operations.

Mr. Dumas: Mr. Chairman, like those hon. members who have spoken I am grateful to the minister for having brought in this amendment thus allowing the mining companies to profit by the exemption. As was mentioned by previous speakers, and more particularly by the hon. member for the Yukon, the mining operations in the remote areas will certainly benefit by this exemption. The hon. member mentioned that the price of diesel fuel oil in the northern districts is very high. I am aware that the Taurcanis Mines Limited is paying 85 cents a gallon in the Northwest Territories and the price is also high in parts of northern Quebec and Ontario. If the amendment had not been proposed it would have represented a double imposition. The first imposition would be the high price and the second having to pay a tax on top of that. We are grateful to the minister for having brought in the amendment permitting the mining companies to benefit as a result of this exemption.

The Deputy Chairman: The committee has heard the amendment. Shall it carry?

Amendment agreed to.

The Deputy Chairman: Is there any more discussion on "municipalities"?

Mr. Fleming (Eglinton): I think I should tell the committee for the sake of the record that these two exemptions which have been approved, the exemption for logging and lumbering operations and the exemption in respect of mining operations, will, it is estimated, reduce our revenues by about $2 million. Consequently I have to tell the house that I must revise my estimated budget deficit upward by that amount. It accordingly rises from $648 million to $650 million.

Mr. Benidickson: You will have to change it a lot more than that.

The Deputy Chairman: Is there any discussion on "printing and educational"? Is there any discussion on "processing materials"?

Schedule III as amended agreed to.

Clause 9 agreed to.

Title agreed to.

Bill reported.

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

Mr. Pickersgill: By leave.

Mr. Fleming (Eglinton) moved the third reading of the bill.

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

Trust Companies Act

TRUST COMPANIES ACT

AMENDMENTS RESPECTING INCORPORATION, ANNUAL STATEMENT, ETC.

Hon. Donald M. Fleming (Minister of Finance) moved the second reading of Bill No. S-11, to amend the Trust Companies Act.

He said: Mr. Speaker, Bill No. S-11, an act to amend the Trust Companies Act, and Bill No. S-10, an act to amend the Loan Companies Act, are almost identical and while we cannot embrace two bills in the one motion nevertheless the explanatory statement I now propose to make really applies to both bills. The bills have in fact only four points in each of them that might be regarded as substantial or significant. All other clauses are consequential or incidental and arise in the main through cross-references to these four points in other sections of the two acts.

The Loan Companies Act and the Trust Companies Act were first enacted in 1914 and apply only to companies incorporated by or under the authority of parliament. These acts, and the amendments to them that are now being proposed, have therefore no application to loan and trust companies that have been incorporated under provincial authority. The number of companies to which these acts do apply is in each case relatively small, there being at the present time only five dominion loan companies and eleven dominion trust companies. Moreover, one of the trust companies, Western Trust Company of Winnipeg, is now in the process of being merged with another trust company, Guaranty Trust Company, after which there will only be ten trust companies under federal jurisdiction.

Mr. Benidickson: Is the minister proposing to name the companies for the benefit of members?

Mr. Fleming (Eglinton): I think it might be simpler if that were left to the committee stage. I am going to suggest after second reading that these two bills might be referred to the standing committee on banking and commerce where there can be a detailed review of the clauses and where Mr. MacGregor, the superintendent of insurance, will be available as a witness. Most of these dominion loan and trust companies have been transacting business for many years. Several were incorporated prior to the turn of the century and some had their origin before confederation.

The Loan Companies Act and the Trust Companies Act did not originally provide for regular supervision by the government but the companies were required to file statements annually with the minister of finance. However, by amendments made in 1920 the companies were thereafter required to be inspected at least once each year by the superintendent of insurance, and further amendments in 1927 provided for annual licences from the minister. At the present time the powers of these companies, including their investment and lending powers, are strictly limited by statute and all such companies are regularly inspected by the staff of the department of insurance.

The first main amendment relates to the minimum capital that a new loan or trust company must have before the first meeting of the shareholders is called and before the company may commence business. Under the Loan Companies Act it has heretofore been required that in respect of a new company there must be $100,000 and under the Trust Companies Act $150,000 of the capital stock subscribed, and in either case at least $50,000 paid thereon before the provisional directors may call a general meeting of the shareholders; also, that a certificate permitting the company to commence business shall not be issued by the minister until at least $250,000 of the capital stock has been subscribed and at least $100,000 paid thereon.

These amounts have not been changed since the acts were originally passed in 1914 and they are now, in general, quite inadequate. The capital required for a new loan or trust company should be substantial but may vary in amount depending upon the nature of the business to be done by a particular company and the field of its operations. Only a very few loan and trust companies have been incorporated by parliament during the last 25 years, one loan company and four trust companies, and it seems preferable to leave it to each company's act of incorporation to determine the amount of authorized capital, the amount to be subscribed and the amount to be paid before commencing business, as is the practice in the case of insurance companies. Parliament can then give consideration to any special circumstances in settling upon suitable amounts of capital. With respect to the incorporation of loan and trust companies by the dominion, it might be pointed out that since 1914 no such company may be incorporated by letters patent under the Companies Act of Canada. Incorporation by special act of parliament is the only permissible course.

The second main amendment relates to the form of the annual statement and the procedure for filing it with the government. Each act prescribes in a schedule the form of annual statement to be submitted to the minister but gives power to the minister to make changes to elicit additional information.

From time to time it has been found necessary to change the forms and the point has now been reached where they bear little resemblance to the forms set forth in the schedules to the acts.

It is therefore proposed that schedule B to each act be repealed and that the form of the statement be left to the minister to determine. In addition, for administrative convenience it is further proposed that the statements and the auditors' reports be required to be filed in the department of insurance rather than with the minister. This is the procedure authorized by the insurance acts in reference to insurance companies, both with respect to the determination of the forms and the filing of them with the government.

I now come to the third of the four main amendments. Loan companies are empowered to accept money on deposit and to issue debentures. Trust companies are also empowered to accept deposits and may issue guaranteed investment certificates covering money left in trust for investment, the repayment of which is guaranteed by the company.

All such moneys are regarded under the acts as borrowed moneys. Under each act, the amount that may be borrowed by a company including debentures issued by loan companies, guaranteed investment certificates issued by trust companies, and deposits accepted by either loan or trust companies, is limited to ten times the amount of the company's unimpaired paid-up capital and reserve. Such a limitation ensures that a company will have, in the form of capital and reserves, an adequate safety margin in relation to its borrowed money, presently 10 per cent, to give adequate security for the repayment of its liabilities.

Over the years the limit has been raised from time to time. Under the Loan Companies Act, the maximum amount that might be borrowed was set at four times the unimpaired paid-up capital and reserve in 1914. It was raised to six times in 1927 and to the present level in 1948. Under the Trust Companies Act, the original maximum of five times the unimpaired paid-up capital and reserve in 1914 was raised to seven times in 1931 and to the present level in 1947. In the light of the increased experience of these companies and of their financial stability, it is now proposed to increase their borrowing capacity by raising the maximum amount prescribed by each act from ten times to 12½ times the unimpaired paid-up capital and reserve.

The fourth and last main amendment relates to the values at which dominion and provincial government bonds may be carried into the balance sheet in the annual statement. At present, all bonds and stocks are required to be carried at values which, in the aggregate, do not exceed the aggregate of their market values. It is now proposed that a company subject to either of these acts be permitted to take its bonds and stocks into account at values that, in total, do not exceed the amortized values of redeemable securities not in default issued or guaranteed by the government of Canada or by the government of any province of Canada and the market values of all other bonds and stocks. I am sure hon. members are aware of the fact that the amortized value of a bond is sometimes referred to as the investment value and may be defined generally as the cost price adjusted from year to year after purchase to reach the par value at maturity.

The foregoing change would authorize the same procedure as that now followed by the Bank of Canada, and authorized for the chartered banks, the Quebec Savings Banks, and life insurance companies. The acts would, however, continue to require the market values of all bonds and stocks to be shown in the detailed schedules to annual statements, and it is intended that the relationship between aggregate market values and the values carried on the balance sheet would continue to be shown in the detailed schedules to the annual statement. As I mentioned earlier all other amendments in these bills are consequential to the four main amendments to which reference is made here, and are purely incidental, and are being proposed merely in the interests of greater clarity and completeness.

If it meets with the approval of the house this bill, after being given second reading may, as I suggested earlier, be referred to the banking and commerce committee for further study and at this meeting Mr. MacGregor, the superintendent of insurance, will be glad to attend.

Mr. W. M. Benidickson (Kenora-Rainy River): I am very glad to hear the Minister of Finance (Mr. Fleming) say that we will have an opportunity to discuss very carefully the provisions of these bills in the banking and commerce committee. We did read, as these bills were originally introduced in the Senate, that there arose a fair amount of controversy respecting them. I have read the debates of the other place with reference to these bills. They are contained in the Senate *Hansard* for July 10, July 15, July 17 and July 23. I am all the more gratified that the minister is prepared to let us have a detailed discussion of these bills because I find there is no *Hansard* report covering the

discussion of these bills in the Senate banking and commerce committee. Apparently they did not have a reporter available when they were examining the superintendent of insurance and others.

The minister has indicated that the proposed amendments, with respect to both loan and trust companies, are very similar, although we have to deal with them in separate bills. I thought the minister would indicate to the house at this stage, particularly with respect to trust companies, that our consideration of these bills does not involve some of the more prominent trust companies of the country with which we are familiar. Many of the trust companies are incorporated under provincial jurisdiction. The minister indicated that there were 11 trust companies.

Mr. Fleming (Eglinton): I shall be glad to put that on the record if my hon. friend thinks it is of any advantage.

Mr. Benidickson: No, but the hon. senator who introduced this bill in the other place referred to 10 companies. I felt this should be on the record because many of the members of the house are not members of the banking and commerce committee. We all know that sometimes, after careful consideration in the committee, our colleagues are quite prepared to accede to the recommendations that come from such a committee.

So far as I am informed the trust companies that would be involved in this legislation are the Canada Permanent Trust Company, the Canada Trust Company, Chartered Trust Company, Commercial Trust Company Limited, the Eastern Trust Company, Guaranty Trust Company of Canada, the Premier Trust Company, Prudential Trust Company, Limited, the Sterling Trusts Corporation, and the Investors Trust Company. Hon. members of the house will recognize the absence of the names of many of the very prominent trust companies of the country with which we are familiar because of the fact that they are not subject to federal law with respect to their incorporation.

The minister indicated that there were four significant points in the bills that are before us. I, of course, cannot at this stage refer to the various clauses, but he did indicate that perhaps of the four, two have aroused particular public concern. One is the suggested change in the relationship between paid-up capital and borrowings of the institutions. The other which I think has major significance is the question of whether or not those institutions or corporations will be empowered under the law to make their annual statement to the superintendent of insurance with respect to federal and provincial bonds based on the market value of those bonds or whether or not instead it might be on the amortized values. I am impressed by the fact that many other institutions today follow the practice in their reports of utilizing the amortized values. The minister indicated that this is permitted to the chartered banks and to the insurance companies. I understand that the Bank of Canada adopts this form in its annual report. I understand that this is the practice of companies of this kind in the United Kingdom, so I say that I am not going to make any criticism of the proposal at this stage.

I happen to be a member of the banking and commerce committee and will have an opportunity of meeting there with the superintendent of insurance and other witnesses, and examining very carefully the public interest with respect to the proposals that are before us.

In conclusion, may I just say that I know of no public servant in whom the House of Commons in past experience has reason to have more confidence than the superintendent of insurance. I have sat on many committees over the past 13 years or so and on most of those committees I have found that my friend the Minister of Finance was also a member of the same committees. I think he will agree with me that perhaps no public official comes before a House of Commons committee with a greater respect for the members of the House of Commons committee or a Senate committee. I think he is, perhaps beyond all others, anxious to explain in the utmost detail for those of us who are not too experienced in some of these matters the elements that are involved in the legislation that is under discussion. I said that I regret that whatever the superintendent of insurance had to say directly to the senators was not available in a *Hansard*. He was quoted, of course, in the Senate debates, sometimes for a persons viewpoint and sometimes against it. I shall look forward to the opportunity of having these bills discussed in the banking and commerce committee. I am pleased that the Minister of Finance has announced that the superintendent of insurance will be available so that hon. members may have his guidance and his advice in the discussion of this bill.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I listened with interest to the outline of the purpose of this bill which I understood the minister to say is almost identical with the next bill which will be introduced in this respect. Like the hon. member for Kenora-Rainy River (Mr. Benidickson), I perused with some interest the debates in

the other place with respect to this measure and I noticed that there was not a unanimity, shall I say, of opinion with respect to the value of this legislation. Then later I thought I would go and find the committee minutes; but so far as I could find there are no published minutes of the committee's hearing of evidence in connection with this bill and the bill which I presume is coming next. However, I get the impression that the major amendments have been sought for some years by the trust companies and the loan companies and for that reason I presume that they are to the advantage or to the benefit of the trust companies and the loan companies.

I think the main thing that we must prove with respect to these two bills is this: Are they in the public interest? It is for that reason that I was pleased to hear that the minister is recommending that the bills go before the banking and commerce committee. I think that procedure is necessary because there has been a good deal of eyebrow raising, suspicion and criticism of, shall I say, the action that was taken with respect to the insurance companies along similar lines during the depression. It is for that reason that we in this group are glad the bills are going before the banking and commerce committee where there will be an opportunity to hear the superintendent of bankruptcy, Mr. MacGregor.

Mr. Fleming (Eglinton): The superintendent of insurance.

Mr. Herridge: Pardon me; I am always thinking in terms of bankruptcy; that is my tendency. In that committee there will be an opportunity to hear the superintendent of insurance, Mr. MacGregor and representatives of the companies concerned—I like everything brought out in the open; we in this group like that procedure—and any other persons who might properly give evidence or information to the committee.

We in this group think there should be a most thorough examination of these amendments in order to make certain that these proposals are in the public interest. From our point of view in this group the major amendment is section 12 with which, under the rules, I am not allowed to deal at this time. However, I can say that I have often thought —as I think have other members of this group—that it would be very nice if the superintendent of bankruptcy would give the same consideration to individuals when the officials are assessing their assets with respect to bankruptcy and things of that sort. We do not see why individuals should not have the same privileges as will be given under section 12 of this bill with respect to valuating assets at what might be a very critical or deciding period.

That is about all I have to say at this time. I am sure we shall look forward to the report of the banking and commerce committee and the opportunity to deal in detail with the sections of the bill when it comes back to the house and is discussed in committee.

Motion agreed to, bill read the second time and referred to the standing committee on banking and commerce.

LOAN COMPANIES ACT

AMENDMENTS RESPECTING INCORPORATION, ANNUAL STATEMENT, ETC.

Hon. Donald M. Fleming (Minister of Finance) moved the second reading of Bill No. S-10, to amend the Loan Companies Act.

Motion agreed to, bill read the second time and referred to the standing committee on banking and commerce.

SUPPLY

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

DEPARTMENT OF NORTHERN AFFAIRS AND NATIONAL RESOURCES

266. Departmental administration, $731,410.

Mr. Dupuis: Mr. Chairman, I rise at this time to draw the minister's attention to a project which is very dear to my district. I should like to draw the minister's attention to the historic site of Ile-aux-Noix, better known as Fort Lennox.

In a French publication issued by the Canadian tourist bureau under the authority of Hon. Jean Lesage in 1954 this important monument is described as follows:

> Among the historic memorials of Canada there is none richer in interest or more charmingly situated than massive old Fort Lennox. The fort stands in quiet dignity on the southern end of Ile-aux-Noix, in the Richelieu river, 12 miles below the outlet of lake Champlain and 10 miles from the United States border.

This is a very picturesque area where the old Fort Lennox has been preserved intact and where its majestic appearance recalls in a striking manner the moving story of the early defenders of the nation. This monument encourages and maintains forever the respect and the memory of these brave people who paid the greatest possible sacrifice for the glory of their country.

However, Mr. Chairman, this island and this magnificent monument are not well known to our fellow citizens or to our United States neighbours who live only ten miles from this site.

I think it is very important that this site should be better known and more justly appreciated.

I do not intend to outline here in the House of Commons the complete history of Fort Lennox but it is fitting that I should recall, briefly, a few facts which illustrate the importance and value of this picturesque island of which the citizens of St. Jean-Iberville are so proud.

Samuel de Champlain, founder of the city of Quebec, visited Ile-aux-Noix in 1609. The island was first occupied in 1759 by the French under the command of General de Bourlamaque. On the night of August 28, 1760, the 2,000 men stationed there were surprised by a massive attack by English soldiers under the command of General Haviland. The surrender of the island to the English was the prelude to the fall of Montreal and was the last defence of the old French regime. The English established themselves on the island in order to try to stop the advance of the American rebels when the war of independence broke out in 1775. In November of the same year the Americans took the island, but the English General Arnold recaptured it a year later in July, 1776.

The fort was erected in 1782 under the capable direction of the engineer William Twiss, who later became governor and colonel in command of the royal engineers. The fort was completed in 1812 and the island and fort were of great value to the English during the 1812-14 war against the Americans. It was only in 1870 that the English troops left the island for the last time. For several months it served as a penitentiary and was subsequently abandoned.

On May 18, 1921 the historic sites and monuments commission brought pressure to bear on the Canadian government to place the island under the national parks service in order to preserve the fortress and the surrounding area. Since that time considerable money has been spent by the Canadian government in beautifying Ile-aux-Noix, which has become a rendezvous for tourists and picnickers. Unfortunately, not enough has been done as yet to develop the full potential of this beautiful island and that is why I rise today to ask the assistance of the minister. I feel that the department should undertake a publicity campaign in co-operation with the chambers of commerce and municipal authorities of the area to make this area better known and appreciated. I suggest construction work should be immediately undertaken with a view to attracting tourists, which would of course result in additional revenue to the St. Paul-Ile-aux-Noix area and surrounding municipalities.

There is a great need in the island for restaurants, modern cabins, swimming facilities and an amusement park along lines similar to those of Coney island. Such a development would result in increased revenue for the government and would help to solve the difficult unemployment problem at present existing all across our country.

I am confident the minister and his officials will wish to investigate this matter and I feel sure it will receive serious consideration. In addition to the advantages I have mentioned such an approach would give to Fort Lennox its full historic importance in this country and the amusements which would be available to the tourists would be an added advantage. Visitors should become acquainted with the beautiful museum containing many relics from Indian days and the historic military events of our great country.

There are already two very fine docks on either side of the island. Yachts and boats requiring greater depth of water have easy access to the dock on the right bank.

Situated halfway between Montreal and Plattsburg in the United States, only 10 miles from the United States border, this beautiful island could become a tourist paradise, an historic chef-d'œuvre and an important source of revenue if the department agrees with the suggestion which I have made.

I sincerely hope the minister will give his very best consideration to my arguments in favour of Ile-aux-Noix, and I feel sure that if this is done, in a short time Canadians and Americans will find it pleasurable and interesting to spend their weekends or holidays in Canada for the greater good of the Canadian economy.

I notice that the minister intends to spend an increased amount on construction work with reference to national parks and historic sites, and I would like to draw to his attention another important matter.

(Translation):

Mr. Chairman, I now would like to add a few words in French to say that the whole area of St. Jean-Iberville-Napierville would benefit from any action which could be taken in this regard by the Minister of Northern Affairs and National Resources (Mr. Hamilton). We have in Ile-aux-Noix a magnificent site, an ideal tourist attraction, and I believe the matter should be considered as soon as possible so that the whole area might benefit from the potentialities of this island.

As to my questions, Mr. Chairman, I shall let them stand until we come to the estimates of the department.

(Text):

Mr. Godin: I rise to discuss two matters which might be considered to be of importance in the area which I represent. The riding of Nickel Belt is, of course, situated in northern Ontario, and in discussing the estimates of the department I realize the minister is very much interested in the historical sites of our country, so I would like to point out that this riding is favoured by the fact that the French river, formerly known as la riviere des Français, flows through its centre. This necessarily brings to the minds of my constituents and to the minds of many other citizens of Canada the fact that Champlain in the early days of our country had occasion to travel through this area. Many thousands today know that the French river is one of the nicest spots in northern Ontario and the area accommodates many United States tourists every year.

Possibly, therefore, some assistance could be given to local organizations which have in the past made efforts to preserve some of the souvenirs related to those days. I know the chamber of commerce in my area, in fact there are two such bodies, have done preliminary work to try to revive interest in certain historical facts, and no doubt if assistance could be given by the department, before too long certain monuments could be erected which would be of interest to the numerous visitors to our country and those Canadians who come from many other parts of Canada to admire the site of these historical events in the French river area.

Documents have been prepared by the chamber of commerce of the city of Sudbury and I read a few days ago in the Sudbury *Star* that arrowheads have been found in the French river bed. These arrowheads have been sent away for identification as it is felt that they probably date back to the days of Champlain's travels in this area. I am hoping that some of the funds mentioned in the estimates might be used to assist the various groups in my area to promote the development of these historic sites.

The second matter I should like to discuss is the tourist trade. At some of the committee meetings we were repeatedly told by the minister that the tourist trade was a matter of importance in which his department was most interested. I have tried to find out just what the policy of the Department of Northern Affairs and National Resources is with regard to this matter, and I may say that the expression I should apply to it is "the policy of the rocking chair". It gives the Conservatives much to do, and it gets the country nowhere. I do not suppose I should say this without justifying what I have said.

We talk about dreams and visions of the great north and yet, as a new member of the house, I recall that we were informed only the other day that our Eskimo Canadians were dying of starvation. We have heard much about the great northland, and I have tried to follow the minister's policy as it was explained to us in the committee with the help and assistance of maps. We were shown roads which were described as access roads, and we were told that this was not where the roads should be or would be. But we need access roads. The minister was asked whether a policy with regard to access roads could be used as a means of developing the tourist trade in this country, and he replied that it could.

I stand here to speak on this problem because in the Nickel Belt area we face grave difficulties. Our nickel industry is down to four days a week, and our chamber of commerce and many other institutions are trying to bring in other industries. But it is very difficult to bring in new industries to a mining area because wages are so high. But I do feel that one way in which this great area could be helped, now that the mining industry and the lumber industry have gone down, would be by developing the area more extensively as a tourist attraction with the help of well designed access roads. In my riding I have wonderful communities such as Gogama and Foleget which cannot be reached by automobile unless one travels through five other ridings from my own. They are wonderful communities. They used to be rich on account of the lumber that is in there but the lumber industry being in its present state in northern Ontario, these towns may now become ghost towns. I feel that if through co-operation between the federal government and the provincial government, through the intermediary of the department of northern affairs, roads could be constructed west of Capreol, such access roads would definitely bring new wealth to this riding.

I realize that a program of this kind would undoubtedly require a certain amount of study, but it would, perhaps, be appropriate for the minister at this time to let us know just what discussions are going on now between the government of Ontario and the federal government as to the position with regard to access roads and the development of the tourist trade in our region. We have heard for many months, about the great improvements which are intended for the northland. We Liberals feel that without doubt certain surveys and inspections should continue; as the minister realizes, these were begun during the Liberal administration. But I feel, also, that this government should pay

attention to some of the areas in Ontario which are only partly developed and which are still definitely lacking in facilities for accommodating and expanding the tourist trade, a trade which undoubtedly, in my district, might certainly become an industry second to nickel.

Mr. Fairfield: A great deal has been said both in the house and in the committee concerning the problem of the conservation of our great national resources. I am sorry I was not a member of the committee, but I have read the reports and the minutes and I can say that I think the committee has examined our conservation program very thoroughly. I think all hon. members as well as the people of Canada are fairly conversant with the action which the government has taken under its conservation programs.

I think the minister and the department have this problem well in hand and are going to do a good job. The minister himself, when he was addressing the committee, according to the minutes, made an eloquent and, I think, fairly thorough analysis of our present position in so far as the conservation of our resources is concerned. I know the experience of the United States natural resources exploitation has been well demonstrated by the report called the Paley report. I happened to look at this report in the library the other day. Unfortunately, one of the principal reports was missing, the one on water resources in the United States. However, these reports certainly show that there has been a great lack of planning in the United States, and it is gratifying that some of the warnings which have been issued have already been heeded and that we, in Canada, may be saved from making the same mistakes.

One other matter which the minister brought up was his announcement that there is going to be a dominion-provincial conference on conservation this fall. I think it goes without saying that we in Canada have some of the greatest natural resources in the world today, but in thinking of natural resources we also have to think of soil, forest, and water, because they are all interdependent and they together make up the elements of our renewable resources. And unless all three are conserved and skilfully managed under a plan in perpetuity we face not only the loss of our renewable resources but economic ruin and, consequently, the loss of those things which sustain our very existence.

There are grave responsibilities facing us all today to study and formulate a conservation program on the broadest possible basis. Under the British North America Act the responsibility for most aspects of national resources has been delegated to the provinces. There are a few exceptions such as migratory birds which know no international or provincial boundaries. They therefore come under federal and even international control. Another example is the sockeye salmon fishing industry in the Fraser river which because it enters international water comes under a joint Canadian-United States commission.

We find in the ten provinces there is a great deal of concern about the conservation of our renewable resources. A great deal of good work is being done on this very important subject. It is the split in the federal and provincial jurisdiction which makes it all the more difficult no matter how well intentioned the plans of each province are and there is no definite over-all national program.

The minister himself stated in the standing committee that we have no right to interfere with the policies of any provincial government. He said that as Canadians we can only put forward suggestions which we think are in the interest of the whole country and then it is up to the provinces to try to carry out those suggestions. Perhaps the dominion-provincial conference this fall will help solve some of these problems but we fear that some of these jurisdictional difficulties will preclude complete success in achieving the goal toward which we are now striving.

(Translation):

Mr. Chevrier: Mr. Speaker, I must draw your attention to the fact that the Deputy of His Excellency the Governor General has been waiting for us for the last ten minutes.

(Text):

Progress reported.

THE ROYAL ASSENT

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

Government House,
Ottawa, August 13, 1958

Sir:

I have the honour to inform you that the Honourable Mr. Justice J. H. G. Fauteux, acting as Deputy of His Excellency the Governor General, will proceed to the Senate chamber today, the 13th August, at 5.45 p.m., for the purpose of giving the royal assent to certain bills.

I have the honour to be,
sir,
Your obedient servant,

P. S. Burt
for
J. F. Delaute
Secretary to the Governor General
(Administrative)

A message was delivered by Major C. R. Lamoureux, Gentleman Usher of the Black Rod, as follows:

Mr. Speaker, the Honourable the Deputy Governor General desires the immediate attendance of this honourable house in the chamber of the honourable the Senate.

Accordingly, Mr. Speaker with the house went up to the Senate chamber.

And being returned:

Mr. Speaker informed the house that the Deputy Governor General had been pleased to give, in Her Majesty's name, the royal assent to the folowing bills:

An act for the relief of Eileen Rose Brown Porteous.

An act for the relief of Anita Duguay Brais.

An act for the relief of Sydney Lesser.

An act for the relief of Stella Rachel Cater Harris.

An act for the relief of Samuel Jack Goldberg.

An act for the relief of Beatrice Claire Carmichael Glas.

An act for the relief of Francis Allan Quinn.

An act for the relief of Kaljo Klasman.

An act to amend The Lake of the Woods Control Board Act, 1921.

An act to amend the Criminal Code.

An act to authorize the provision of moneys to meet certain capital expenditures of the Canadian National Railways system during the calendar year 1958, and to authorize the guarantee by Her Majesty of certain securities to be issued by the Canadian National Railway Company.

An act to amend the Indian Act.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I inquire from the house leader what the business will be for tomorrow and for Friday and Saturday as well?

Mr. Green: Tomorrow we intend to commence with the estimates of northern affairs and then take labour, fisheries and transport. I am not sure on what day, except that the estimates of mines and technical surveys will be on Saturday, but before the end of the week we plan to take also post office, national health and welfare and citizenship and immigration.

Mr. Chevrier: What does the government intend to do on Monday? I hope the leader will find it possible to tell us.

Mr. Green: It will be legislation.

Mr. Chevrier: Can the minister indicate what legislation?

Mr. Green: No, I cannot give the order at the moment.

Mr. Chevrier: When is it intended to discuss the dumping legislation?

Mr. Green: I hope that the resolution preceding the bill will be in *Votes and Proceedings* for tomorrow which will come out on Friday.

Mr. Chevrier: Can the leader give any indication as to when the legislation having to do with radio and television will be introduced?

Mr. Green: That too is almost ready to come before the house. I am not sure on what date it will actually appear but I believe within the next day or so.

It being ten minutes after six o'clock the house adjourned, without question put, pursuant to the order of the house passed on August 4.

END OF VOLUME III